

97-84019-5

Presidents' Conference
Committee (U.S.)

Atlanta, Birmingham &
Atlantic Railroad...

Philadelphia

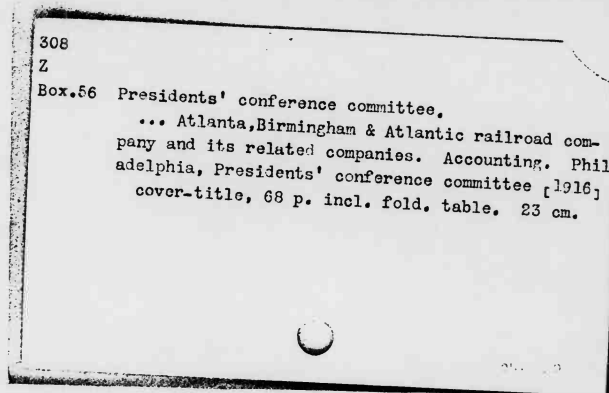
[1916]

97-84019-5
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35 mm

REDUCTION RATIO: 11:1

IMAGE PLACEMENT: IA (IIA) IB IIB

DATE FILMED: 2-7-97

INITIALS: FB

TRACKING #: 21249

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

Prof. E. E. A. Sullivan

Printed by General Secretary for
Committees' Use, But Not Published
7 5 1916

*308
2
Page 56*

**ATLANTA, BIRMINGHAM & ATLANTIC
RAILROAD COMPANY**

AND ITS

RELATED COMPANIES

ACCOUNTING

**OFFICE OF
GENERAL SECRETARY
PRESIDENTS' CONFERENCE COMMITTEE
PHILADELPHIA, PA.**

CONTENTS.

	PAGE
Alabama Northern Railway Company.....	55
Alabama Terminal Railroad Company.....	62
Atlanta, Birmingham & Atlantic Railroad Company.....	3
Aids, Gifts, Grants and Donations.....	13
Corporate History.....	5
Development of Fixed Physical Property.....	5
Lines Constructed.....	6
Lines Purchased.....	6
Mileage Leased from Others for Sole Operation.....	8
Mileage of Others Used Under Trackage Agreements.....	8
Other Joint Facilities Used.....	8
Owned Mileage Leased to Others for Sole Operation.....	8
Trackage and Other Joint Facilities Granted to Others.....	9
Exhibits.....	23
General Balance Sheet.....	24
Income Account by Years.....	23
History of Capital Financing.....	9
Capital Stock.....	10
Certificates of Indebtedness and Advances.....	12
Equipment Notes.....	11
Funded Debt.....	11
Increase and Decrease in Stocks, Bonds or Other Securities in Any Reorganization.....	13
Other Notes.....	12
Receivers' Certificates and Notes.....	11
Syndicating, Banking and Other Financial Arrangements.....	9
Improvements on Leased Railway Property.....	19
Introductory.....	3
Investment in Road and Equipment.....	16
Investments in Other Companies.....	20
Leased Railway Property.....	21
Materials and Supplies.....	20
Miscellaneous Physical Property.....	19
Results of Corporate Operations.....	14
Income Account.....	14
Profit and Loss Account.....	15
Atlantic & Birmingham Railroad Company (Waycross Air Line Railroad Company).....	29
Atlantic & Birmingham Railway Company.....	43
Brunswick & Birmingham Railroad Company.....	27
Eastern Railway of Alabama.....	54
Georgia Terminal Company.....	56
Ocala & Irvinville Railroad Company.....	26
Offerman & Western Railroad Company.....	25
Tifton & Northeastern Railroad Company.....	42
Tifton, Thomasville & Gulf Railway Company.....	37

ATLANTA, BIRMINGHAM & ATLANTIC RAILROAD COMPANY.

INTRODUCTORY.

The above-named company, hereinafter styled the Atlanta company, was a Georgia corporation, having its principal offices in Atlanta, Ga. At the date of valuation, June 30, 1914, its property, which was being operated by a receiver, consisted of about 633.25 miles of railway extending from Brunswick, Ga., to Reeder's Gap, Ala., with branches in the State of Georgia from Manchester to Atlanta, from Fitzgerald to Thomasville, from Sessoms to Waycross and from Ocala to Irvinville, and a branch in the State of Alabama from Puyton to Ashland. Of the owned mileage 622.50 miles were being operated by the receiver for the Atlanta company and 10.75 miles under lease were being operated by the Ocala Southern Railroad. In addition, the receiver was operating in connection with the owned mileage, property under sole lease from other carriers aggregating 22.20 miles; 2.82 miles of other carriers' lines were being operated under trackage rights. The aggregate of the mileage thus operated by the receiver for the Atlanta company was 647.52 miles.

The principal promoters of this railroad were H. M. Atkinson, P. S. Arkwright and G. D. Wadley, capitalists of Atlanta, Ga., who had associated with them several Boston capitalists. Shortly after the Atlanta company was organized with W. B. Stovall and S. J. Bradley (employees of H. M. Atkinson) as president and secretary respectively, there was organized the Atlantic & Birmingham Construction Company, hereinafter styled the construction company. This latter company was incorporated by R. E. Cullinane, W. B. Stovall, S. J. Bradley and T. M. Fiske for the purpose of carrying on a general construction and development business. Its organization was completed by electing H. M. Atkinson, president; P. S. Arkwright, vice-president and general manager; J. A. Parker

INTENTIONAL SECOND EXPOSURE

CONTENTS.

	PAGE
Alabama Northern Railway Company	55
Alabama Terminal Railroad Company	62
Atlanta, Birmingham & Atlantic Railroad Company	3
Aids, Gifts, Grants and Donations	13
Corporate History	5
Development of Fixed Physical Property	5
Lines Constructed	6
Lines Purchased	6
Mileage Leased from Others for Sole Operation	8
Mileage of Others Used Under Trackage Agreements	8
Other Joint Facilities Used	8
Owned Mileage Leased to Others for Sole Operation	8
Trackage and Other Joint Facilities Granted to Others	9
Exhibits	23
General Balance Sheet	24
Income Account by Years	23
History of Capital Financing	9
Capital Stock	10
Certificates of Indebtedness and Advances	12
Equipment Notes	11
Funded Debt	11
Increase and Decrease in Stocks, Bonds or Other Securities in Any Reorganization	13
Other Notes	12
Receivers' Certificates and Notes	11
Syndicating, Banking and Other Financial Arrangements	9
Improvements on Leased Railway Property	19
Introductory	3
Investment in Road and Equipment	16
Investments in Other Companies	20
Leased Railway Property	21
Materials and Supplies	20
Miscellaneous Physical Property	10
Results of Corporate Operations	14
Income Account	14
Profit and Loss Account	15
Atlantic & Birmingham Railroad Company (Waycross Air Line Railroad Company)	20
Atlantic & Birmingham Railway Company	43
Brunswick & Birmingham Railroad Company	27
Eastern Railway of Alabama	51
Georgia Terminal Company	56
Ocala & Irwinville Railroad Company	26
Offerman & Western Railroad Company	25
Tifton & Northeastern Railroad Company	42
Tifton, Thomasville & Gulf Railway Company	37

ATLANTA, BIRMINGHAM & ATLANTIC RAILROAD COMPANY.

INTRODUCTORY.

The above-named company, hereinafter styled the Atlanta company, was a Georgia corporation, having its principal offices in Atlanta, Ga. At the date of valuation, June 30, 1914, its property, which was being operated by a receiver, consisted of about 633.25 miles of railway extending from Brunswick, Ga., to Reeder's Gap, Ala., with branches in the State of Georgia from Manchester to Atlanta, from Fitzgerald to Thomasville, from Sessoms to Waycross and from Ocala to Irwinville, and a branch in the State of Alabama from Pyriton to Ashland. Of the owned mileage 622.50 miles were being operated by the receiver for the Atlanta company and 10.75 miles under lease were being operated by the Ocala Southern Railroad. In addition, the receiver was operating in connection with the owned mileage, property under sole lease from other carriers aggregating 22.20 miles; 2.82 miles of other carriers' lines were being operated under trackage rights. The aggregate of the mileage thus operated by the receiver for the Atlanta company was 647.52 miles.

The principal promoters of this railroad were H. M. Atkinson, P. S. Arkwright and G. D. Wadley, capitalists of Atlanta, Ga., who had associated with them several Boston capitalists. Shortly after the Atlanta company was organized with W. B. Stovall and S. J. Bradley (employees of H. M. Atkinson) as president and secretary respectively, there was organized the Atlantic & Birmingham Construction Company, hereinafter styled the construction company. This latter company was incorporated by R. E. Cullinane, W. B. Stovall, S. J. Bradley and T. M. Fiske for the purpose of carrying on a general construction and development business. Its organization was completed by electing H. M. Atkinson, president; F. S. Arkwright, vice-president and general manager; J. A. Parker

treasurer, and R. E. Cullinane, secretary. A contract was then executed between the construction company and the Atlanta company for the construction of a line of railroad between Montezuma, Ga., and a point near Birmingham, Ala. The contract was signed by H. M. Atkinson and W. B. Stovall, presidents of the respective companies.

The purposes of the construction company were not confined alone to the construction of the railroad but contemplated the construction of large terminals in Atlanta, Ga., and Birmingham, Ala.; investments in steamships and in coal and iron ore properties as well.

The promoters of the railroad planned to acquire the line of railroad extending from Brunswick, Ga., to Montezuma, Ga., known as the Atlantic & Birmingham Railway Company, consisting of about 313.50 miles; to build thereto an extension from Montezuma, Ga., into Birmingham, Ala., and Atlanta, Ga.; to construct terminals at the two latter points and to establish lines of steamers between Brunswick, Ga., and New York and Boston. In partial fulfillment of these plans, the Atlantic & Birmingham Railway Company was acquired and that line was extended from Montezuma to Reeder's Gap, near Birmingham, Ala., and to Atlanta, Ga., and the two terminals were constructed.

The construction company in the meanwhile acquired certain steamships as well as some coal and iron ore lands. It does not appear that the steamships were operated by either the construction company or the Atlanta company, for financial difficulties were encountered by the construction company, the steamships were disposed of and the coal and iron ore lands passed into other hands. By reason of this combination of circumstances the Atlanta company has never enjoyed the through traffic intended for it, and in consequence has been dependent in the main upon local offerings of traffic.

Included in the property owned by the Atlanta company is that of the predecessor companies referred to below:

- (1) Eastern Railway of Alabama,
- (2) Atlantic & Birmingham Railway,
- (3) Atlantic & Birmingham Railroad—Waycross Air Line,

- (4) Tifton & Northeastern Railroad,
- (5) Tifton, Thomasville & Gulf Railway,
- (6) Brunswick & Birmingham Railroad,
- (7) Offerman & Western Railroad, and the
- (8) Ocilla & Irwinville Railroad.

For numbers 1, 4, 6, 7 and 8, no records at all were available, and for the remainder the records were in more or less fragmentary shape, thus absolutely precluding the possibility of ascertaining the original cost to date of the property of the Atlanta company.

CORPORATE HISTORY.

The Atlanta, Birmingham & Atlantic Railroad Company was chartered on April 19, 1905, under the general laws of the State of Georgia, for the purpose of constructing and operating a line of railroad from Montezuma, Ga., to Birmingham, Ala., and from Atlanta, Ga., to a connection with the aforementioned Montezuma-Birmingham line. The charter was amended on April 19, 1906, and August 30, 1906, to authorize additional construction. Other amendments permitting increases in the capital stock of the corporation were made on April 25 and June 30, 1906, and on June 8, 1907. The property was placed in the hands of receivers on January 1, 1909, whose jurisdiction was extended the following month to include the Alabama Terminal Railroad Company and the Georgia Terminal Company, both of which properties were controlled and operated by the Atlanta company. A foreclosure sale was had on June 5, 1914, but the successful bidders were not able to consummate the purchase and accordingly the receivership was continued.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY.

The mileage owned at the date of valuation was acquired as follows:

By merger and purchase, about.....	311.15 miles
By construction, about.....	322.10 miles
Total.....	633.25 miles

Lines Purchased.

On April 12, 1906, the Atlanta company made an agreement of merger and purchase with the Atlantic & Birmingham Railway Company which became effective on May 1, 1906, whereby the lines of that company, then in operation, became the property of the Atlanta company:

Between Brunswick, Ga., and Montezuma, Ga., about.....	196.55 miles
Between Sessoms, Ga., and Waycross, Ga., about..	25.40 miles
Between Fitzgerald, Ga., and Thomasville, Ga., about.....	80.80 miles
Between Ocilla, Ga., and Irwinville, Ga., about.....	10.75 miles
Total.....	313.50 miles

Some reductions in this mileage resulted from subsequent rearrangements of these lines, so that at the time of this valuation the mileage of the lines east of Montezuma, Ga., stood at about 311.15 miles.

Lines Constructed.

The contract of May 19, 1905, with the construction company provided for the construction of a single-track line of railroad extending from Montezuma, Ga., the terminus of the Atlantic & Birmingham Railway Company, to a point near Birmingham, Ala., a distance of about 246 miles, more or less. This contract was amended in March, 1906, so as to provide for the construction of a single-track railroad extending from Warm Springs, Ga., to Atlanta, Ga., a distance of about seventy-five miles. Under these contracts the construction company agreed to transfer and convey to the Atlanta company all of the rights, privileges and agreements obtained for portions of right-of-way and for terminals; to procure at its own cost and expense for and in the name of the Atlanta company the right-of-way and lands for stations, except in Birmingham, Ala., and Atlanta, Ga.; and to build and complete, but not equip, the said railroad in agreement with the plans and specifications of the Atlanta company; to do all engineering work

except the preliminary survey, and to furnish all legal service, pay all court costs covering the procuring of rights-of-way, and other suits and actions.

A number of additional contracts were entered into providing for an extension of the construction program, which included the building and equipping of shops at Fitzgerald, Ga., the improvement of the water-front terminals at Brunswick, Ga., the widening of the embankments and the installation of additional facilities on the new line, the acquisition of equipment, the acquisition of the stock of the terminals, and other things. Included in the mileage conveyed to the Atlanta company under the terms of this contract was that of the Eastern Railway of Alabama, extending from Pyriton, Ala., to Stockdale, Ala., a distance of 19.8 miles. This property was purchased and reconstructed by the construction company and turned over to the Atlanta company as part of the line embraced in the completed mileage delivered. Sections of the lines thus built were turned over to the Atlanta company for operation as follows:

Line	Approximate Mileage	Date of Beginning of Operation
Montezuma, Ga., to Talbotton, Ga.	43.90	February 18, 1906
Talbotton, Ga., to La Grange, Ga.	48.70	March 3, 1907
La Grange, Ga., to Roanoke, Ala.....	24.30	August 4, 1907
Roanoke, Ala., to Wadley, Ala.....	14.10	September 8, 1907
Wadley, Ala., to Talladega, Ala.....	53.00	December 22, 1907
Talladega, Ala., to Pelham, Ala.....	49.40	September 6, 1908
Pelham, Ala., to Reeder's Gap, Ala.	13.00	July 1, 1910
Total mileage, Montezuma, Ga., to Reeder's Gap, Ala.....	246.40	
Manchester, Ga., to Atlanta, Ga.....	75.70	April 14, 1908
Total.....	322.10	For freight traffic. June 21, 1908 For passenger traffic

Mileage Leased from Others for Sole Operation.

Georgia Terminal Company, Howells, Ga., to Atlanta, Ga.....	2.40 miles
Alabama Terminal Railroad Company, Reeder's Gap, Ala., to Birmingham, Ala.....	26.80 miles
Less mileage between Mulga Jct. and Mulga, covered by the lease, sublet to the Woodward Iron Company.....	14.10 miles
	12.70 miles
Alabama Northern Railway Company, Pyriton, Ala., to Ashland, Ala. (operated by virtue of an agreement to purchase).....	7.10 miles
Total.....	22.20 miles

Mileage of Others Used Under Trackage Agreements.

Louisville & Nashville Railroad Company in Birmingham, Ala.....	.50 miles
Southern Railway Company in Atlanta, Ga.....	1.72 miles
Atlantic Coast Line Railroad Company in Waycross, Ga.....	.60 miles
Total.....	2.82 miles

Owned Mileage Leased to Others for Sole Operation.

Ocilla, Ga., to Irwinville, Ga., 10.75 miles leased to the Ocilla Southern Railroad Company.

Other Joint Facilities Used.

Louisville & Nashville Railroad Company passenger station at Birmingham, Ala.
 Atlanta Terminal Company passenger station at Atlanta, Ga.
 Atlantic Coast Line Railroad passenger station at Waycross, Ga.
 Georgia Southern & Florida Railway Company and Seaboard Air Line Railway passenger station at Cordele, Ga.

Trackage and Other Joint Facilities Granted to Others.

Main Line tracks between Bessemer and Mulga Junction, Ala., Birmingham Southern Railroad Company.

Main Line tracks between Kingwood, Ga., and Moultrie, Ga., Georgia & Florida Railway Company.

Connecting tracks at Talladega, Ala., Southern Railway Company.

Connecting tracks at Brunswick, Ga., Georgia Coast & Piedmont Railway Company.

Connecting tracks at Tifton, Ga., Atlantic Coast Line Railroad Company.

Connecting tracks at Tifton, Ga., Georgia Southern & Florida Railway Company.

Connecting tracks and water station at Oglethorpe, Ga., Central of Georgia Railway Company.

HISTORY OF CAPITAL FINANCING.**Syndicating, Banking and Other Financial Arrangements.**

The Atlanta company appears to have had but few direct dealings with financial syndicates or banking houses. Its securities in the main were issued in exchange for the securities of its predecessor, or to the construction company in payment for property purchased and construction work done, and the recipients made their own arrangements for disposing of the securities thus acquired.

Equipment trust notes of series "B" were issued in part payment for certain equipment originally bought by the construction company with the intention of delivering it to the Atlanta company, but which was sold for cash to the Guaranty Trust Company of New York. That company then sold the equipment to the Atlanta company for \$2,317,998.90. The price paid by the trust company for the equipment was \$2,145,998.90. It is apparent therefore that the trust company profited to the extent of \$172,000 in this transaction. Other expenses incurred in the acquisition of this equipment were \$7,682.02.

A commission of \$16,250 was paid on five per cent. certificates issued by the receivers in 1909 to the amount of \$3,250,000. Expenses in connection with this same issue amounted to \$40.62 and discount \$81,250. On other issues in 1912 and 1914, discount to the amount of \$63,335 was suffered, but no commissions were paid. This makes an aggregate of \$160,875.62, covering commissions, discounts and expenses in connection with receivers' certificates and notes, which were a liability of the Atlanta company, the Alabama Terminal Railroad Company and the Georgia Terminal Company, jointly and severally.

The total outstanding capital liabilities of the Atlanta company at the date of valuation, June 30, 1914, were \$54,571,176.14, and consisted of the following:

Capital stock.....	\$35,000,000.00
Mortgage bonds.....	18,533,000.00
Equipment notes.....	1,028,000.00
Receivers' notes.....	10,176.14
Total.....	\$54,571,176.14

To which should be added the receivers' certificates, which are liabilities of the Atlanta company, the Alabama Terminal Company and the Georgia Terminal Company, jointly and severally, to the amount of..... 4,994,000.00

Grand total..... \$59,565,176.14

Capital Stock.

The original authorization of capital stock was for 1000 shares of common stock, each of \$100 par value, or a total of \$100,000. Increases were authorized from time to time and provision made for issuing preferred stock, so that on June 30, 1914, \$25,000,000 of common stock and \$10,000,000 of preferred stock had been authorized and was outstanding. The purpose and amount of these issues were as follows:

Purpose	Common	Preferred
Issued for cash at the time of organization.....	\$100,000	
Issued in part payment for the property of the Atlantic & Birmingham Railway Company.....	4,923,800	\$2,462,000
Issued to Atlantic & Birmingham Construction Company in part payment for the construction of property and for other purposes	19,976,200	7,538,000
Total.....	\$25,000,000	\$10,000,000

Funded Debt.

The total amount of mortgage bonds outstanding on June 30, 1914, was \$18,533,000 and consisted of Atlantic & Birmingham Railway Company first mortgage five per cent. bonds, issued January 1, 1904, to mature January 1, 1934, to the amount of \$4,090,000, which had been assumed by the Atlanta company, and \$14,443,000 of first mortgage five per cent. gold bonds of the Atlanta company, issued January 1, 1906, to mature January 1, 1936.

The purpose of the bonds issued by the Atlantic & Birmingham Railway Company is disclosed in that portion of the report devoted to that company. The bonds issued by the Atlanta company were all given for property and construction work.

Equipment Notes.

The outstanding equipment notes on June 30, 1914, amounted to \$1,028,000. This was the remainder of \$3,337,004.40 of equipment notes issued and assumed by the Atlanta company, of which \$2,309,004.40 had been liquidated, leaving the above amount outstanding. These notes had all been issued in the purchase of equipment.

Receivers' Certificates and Notes.

Notes issued by the receivers for \$5500 in part payment for equipment and \$4676.14 in payment of an assessment for public improvements, a total of \$10,176.14, were outstanding on June 30, 1914. Other receivers' certificates and notes had been issued, which, through the manner of their issuance, became

liabilities of the Atlanta company, the Alabama Terminal Railroad Company and the Georgia Terminal Company, jointly and severally. The basis of their final apportionment and disposition is reserved for the decision of the court in terminating these receiverships.

The certificates and the notes thus issued were as follows:

Date	Amount	Cash realized	Commission	Discount	Expense	Outstanding, June 30, 1914
July 1, 1909	\$3,250,000	\$3,168,750	\$16,250	\$81,250	\$10.62	Retired July, 1912.
July 1, 1912	4,849,000	4,786,765		62,235		\$1,849,000
May 1, 1914	145,000	Used as collateral				145,000
May 1, 1914	110,000	108,900		1,100		110,000
	\$8,354,000	\$8,064,415	\$16,250	\$144,585	\$10.62	\$5,104,000

Other Notes.

The Atlanta company's transactions with respect to the issue and retirement of other notes were as follows:

Issued.

Notes for cash loans	\$132,122.00	
To the construction company for cash	1,079,368.79	
For machinery	2,756.50	
		\$1,214,247.29

Retired.

By cash	\$157,421.81	
By cancellation in the settlement of June 30, 1908, with the construction company	964,517.98	
		1,121,939.79

Total outstanding on June 30, 1914..... \$92,307.50

Certificates of Indebtedness and Advances.

On June 30, 1914, the records showed the Atlanta company liable for the following amounts:

Due construction company for work done	\$104,269.57
Due joint receivers for work done, payment of interest, taxes, and equipment notes	1,264,686.89
Due receivers for additions and betterments made to the Atlanta company property but which are not yet transferred to the latter company's books	1,284,006.44
Total	\$2,952,962.90

Increase and Decrease in Stocks, Bonds or Other Securities in any Reorganization.

Securities issued or assumed by the Atlanta, Birmingham & Atlantic Railroad Company in the acquisition of property of Atlantic & Birmingham Railway Company:

Capital stock	\$7,365,800.00
Funded debt	6,486,123.16
	\$13,851,923.16

Securities outstanding in the name of the purchased company, the Atlantic & Birmingham Railway Company, at the closing of its books, April 30, 1906:

Capital stock	\$6,893,700.00
Funded debt	4,496,123.16
	\$11,389,823.16

Increase:

Capital stock	\$492,100.00
Funded debt	1,970,000.00
	\$2,462,100.00

In the report on the Atlantic & Birmingham Railway Company, it has been shown that the consolidation of the Atlantic & Birmingham, the Tifton & Northeastern Railroad and the Tifton, Thomasville & Gulf Railway was followed by an increase in outstanding securities of \$2,940,000 over those retired in the consolidation. If any increase followed the absorption of the Brunswick & Birmingham Railroad that fact could not be determined, for it was not known definitely just how many securities of that company were outstanding. Considering then the increase shown in the above-mentioned consolidation and the increase which followed the absorption of the Atlantic & Birmingham Railway, it is apparent that the securities issued by the Atlanta company for the acquisition of the Atlantic & Birmingham Railway carries an increase of at least \$5,402,100 in securities issued over those retired at the dates of consolidation and merger.

AIDS, GIFTS, GRANTS AND DONATIONS.

Any aids, gifts or donations that may have been contributed by citizens, associations or committees had been absorbed

by the construction company, and the records of the Atlanta company contained no reference to them.

Individuals and corporations had contributed about \$13,000 in part payment for side tracks built by the Atlanta company leading to industries along its line.

RESULTS OF CORPORATE OPERATIONS.

Income Account.

Income Account for the year ended June 30, 1914, and for the period May 1, 1906, to June 30, 1914:

Account	Year ended June 30, 1914	May 1, 1906, to June 30, 1914
Railway operating revenues..	\$3,399,360.43	\$20,633,679.25
Railway operating expenses..	2,766,953.71	16,373,483.11
Net revenue from railway operations.....	\$632,406.72	\$4,260,196.14
Railway tax accruals.....	172,042.20	942,069.96
Railway operating income.....	\$460,364.52	\$3,318,126.18
Nonoperating income.....	48,702.75	872,653.95
Gross income.....	\$509,067.27	\$4,190,780.13
Deductions from gross income:		
Hire of equipment—balance	9,295.91	10,841.09
Joint facility rents.....	16,138.45	139,632.93
Rents for leased roads.....	272,250.00	1,539,000.00
Miscellaneous rents.....	911.61	11,152.12
Interest on funded debt....	980,681.66	6,855,589.41
Interest on unfunded debt.	5,596.68	46,466.40
Separately operated properties—loss.....		25,611.05
Miscellaneous tax accruals.....	1,934.80	1,934.80
Miscellaneous deductions..	28.87	28.87
Total deductions.....	\$1,286,837.98	\$8,630,256.67
Income balance transferred to debit of profit and loss account.....	\$777,770.71	\$4,439,476.54

The railway lines built and turned over by the construction company to the Atlanta company for operation prior to June 30, 1908, were not ballasted or fully completed in accordance with the original specifications and in consequence the construction company at first agreed to bear the expense of maintaining the roadbed and bridges of such properties until June 30, 1908. This agreement was subsequently modified so that the construction company assumed all operating expenses of the Atlanta company in excess of seventy per cent. of the operating revenues for the period from November 1, 1907, to October 31, 1908. Charges aggregating \$575,722.27 were made against the construction company on this account by the Atlanta company and credited to its operating expenses.

Profit and Loss Account.

Contains a summary of the profit and loss account from May 1, 1906, to June 30, 1914, as follows:

Item	Debit	Credit
Balance from income account	\$4,439,476.54	
Loss on separately operated properties.....	12,938.30	
Uncollectible bills canceled..	4,299.84	
Material adjustments.....	7,130.90	
Loss on property destroyed by fire.....	4,225.57	
Portion of receivers' salaries, 1909, 1910.....	6,500.00	
Sanitary taxes.....	552.00	
Loss and damage and personal injury claims.....	26,900.98	
Loss on material scrapped.....	770.00	
Miscellaneous items.....	787.96	
Unclaimed wages.....		\$18,887.99
Material adjustments.....		8,741.00
Adjustment of value of securities owned to par.....		16,400.00
Rents and taxes on leased lines.....		12,528.95
Miscellaneous items.....		328.90
Balance on June 30, 1914.....		4,446,695.25
Total.....	\$4,503,582.09	\$4,503,582.09

INVESTMENT IN ROAD AND EQUIPMENT.

The investment in road and equipment on June 30, 1914, as shown by the books of the Atlanta company and the joint receivers is as follows:

	Atlanta Co.'s Books	Receivers' Books	Total
Road.....	\$48,755,035.92	\$837,904.15	\$49,592,940.08
Equipment.....	3,280,709.21	446,096.49	3,732,805.70
General expenditures		5.80	5.80
Total.....	\$52,041,745.14	\$1,284,006.44	\$53,325,751.58

This aggregate amount may be detailed as follows:

Purchase price paid for road acquired by purchase.....	\$13,795,606.81
Payment for road constructed and equipped by contract.....	36,211,204.44
Additions and betterments made by the Atlanta company and its receivers.....	3,318,940.33
Total.....	\$53,325,751.58

The purchase price paid for the property of the Atlantic & Birmingham Railway Company, amounting to \$13,795,606.81, represents the issuance and assumption of securities having a par value of \$13,851,923.16, less book assets of \$56,316.35 acquired with the properties. The investment account of the Atlantic & Birmingham Railway Company showed the cost of its property at the date of sale to be \$11,492,530.77, and it therefore appears that the price paid by the Atlanta company was \$2,303,086.04 in excess of the amount at which the Atlantic & Birmingham Railway carried its property. However, the investment account of the latter company was composed in the main of the par value of securities issued by that company in the acquisition of property, the actual cost of which is unknown, and for that reason there is no way by which an accurate measure of the original cost of the property acquired by the Atlanta company from the Atlantic & Birmingham Railway Company can be had.

Under the terms of the construction contract, the Atlanta company paid the construction company \$55,000 per mile of

completed main line, the payments being made \$25,000 in first mortgage five per cent. bonds, \$10,000 in preferred stock and \$20,000 in common stock, all being issues of the Atlanta company. Supplemental contracts were also paid for by issuing additional stocks and bonds, and in addition the Atlanta company lent its credit to the construction company by joining in the security on an issue of \$8,000,000 of the latter company's collateral trust notes, of which \$5,761,000 were outstanding on June 30, 1914.

On June 30, 1908, and before the line was finished, a final settlement was effected between the contracting companies wherein the Atlanta company secured the stock of the two terminal companies besides liquidating certain indebtedness. The following summary shows that settlement:

Common stock issued.....	\$19,976,200.00
Preferred stock issued.....	7,538,000.00
First mortgage five per cent. bonds issued.....	12,473,000.00
Equipment trust notes, Series "A," issued.....	1,206,000.00
Equipment notes of the construction company assumed.....	4,881.24
Open account due to the railroad company canceled.....	484,221.41
Cash payment.....	30,000.00

Total payment to the construction company.. \$41,712,302.65

Less items charged to accounts other than road and equipment as follows:

Stock of the Georgia Terminal Company acquired.....	\$1,500,000.00
Stock of the Alabama Terminal Railroad Company acquired	3,000,000.00
Notes of the railroad company to the construction company canceled.....	964,517.98
Interest on the above notes.....	26,510.80
Open account due to the construction company canceled.....	10,069.43
	5,501,098.21

Total consideration given to the construction company for road and equipment..... \$36,211,204.44

An examination of the records of the construction company indicates that the building or acquisition of physical property for the Atlanta company in pursuance of the various contracts made between the two, involved actual expenditures as follows:

Road.....	\$14,409,261.16
Equipment.....	2,187,775.76
General.....	349,721.97
Total.....	\$16,946,758.89

Adding to this total \$4,500,000 for the stock of the Georgia Terminal Company and the Alabama Terminal Railroad Company, and \$481,995.56 for net values of other sorts transferred, a total of \$21,928,754.45 is reached, for which the railroad company issued its securities to the par value of \$41,193,200. The excess in the amount of securities issued and charged to the investment account was therefore \$19,264,445.55. The construction company's books showed nothing for contractors' profit and for interest during construction, and these omissions should be borne in mind when considering the aforementioned apparent excess.

The construction company's expenditures for "Road," \$14,409,261.16, may be further detailed as follows:

Lines west of Montezuma.....	\$12,108,421.12
Rehabilitation of the Atlantic & Birmingham	
Railway.....	602,198.45
Shops and terminal facilities at Fitzgerald, Ga.	469,629.08
Improvement of Brunswick terminals.....	1,195,050.38
Atlanta-New Orleans line (proposed).....	33,962.13
Total.....	\$14,409,261.16

These charges, however, cannot be allocated to structures, individual units, or pieces of property.

The distinction between maintenance and capital charges was not clearly drawn by the Atlanta company in its accounts and in the course of this investigation numerous items were found to have been incorporated by that company in its investment account, which had every appearance of being maintenance items, but sufficient data was not available to warrant

specific exception being taken to them. No accurate record had been kept of the freight charges over the line of the Atlanta company for material transported by it and used in the construction work. Equipment had been retired or changed from one class to another but without adjusting the accounts to correspond. The situation was further complicated by the arbitrary transfer of an amount of \$2,446,746.62 from the cost of equipment to the cost of road in closing the books for the fiscal year 1907. These methods and conditions throw the investment account of the carrier into much doubt and any reconciliation could only be accomplished after an exhaustive audit of the account which would also likely be precluded by reason of the absence of many supporting records and data. The ascertainment of the original cost to date of the property was also rendered impossible by these same general reasons, coupled with the additional fact that much of the property had been purchased with securities, and no records could be located which would show the cost of building such property. Those records that were available contained no references by which quantities or costs could be assigned to specific pieces of property.

IMPROVEMENTS ON LEASED RAILWAY PROPERTY.

The balance sheet of the Atlanta company as of June 30, 1914, shows charges for additions and betterments made to the property of the Alabama Terminal Railroad Company and the Georgia Terminal Company as follows:

Alabama Terminal Railroad Company.....	\$134,606.63
Georgia Terminal Company.....	52,553.55
Total.....	\$187,160.18

Further details were not available.

MISCELLANEOUS PHYSICAL PROPERTY.

The records of the carrier showed rails and other track material leased to others amounting to \$42,632.02. An expenditure of \$243.74 had been made for a dwelling house at Beach, Ga., making an aggregate total of \$42,875.76 for miscellaneous physical property.

INVESTMENTS IN OTHER COMPANIES.

On June 30, 1914, the Atlanta company held stock of other companies as follows:

Atlantic Compress Company.....	\$5,000.00
Alabama Terminal Railroad Company.....	3,000,000.00
Georgia Terminal Company.....	1,500,000.00
Total.....	\$4,505,000.00

The stock of the compress company was acquired for cash. The stock of the two terminal companies were acquired from the construction company under the conditions already recited.

Other Securities Owned.

The following securities of its own issue are held in the treasury of the Atlanta company, having been issued to itself to replace securities of the Atlantic & Birmingham Railway Company, which the latter company had in its treasury when it was absorbed by the Atlanta company:

	Number of Shares	Par Value	Book Value
Atlanta, Birmingham & Atlantic Railroad (common stock).....	86	\$8,600	\$8,600
Atlanta, Birmingham & Atlantic Railroad (preferred stock).....	43	4,300	4,300
Atlanta, Birmingham & Atlantic Railroad (first mortgage bonds).....		3,500	3,500
Total.....		\$16,400	\$16,400

MATERIALS AND SUPPLIES.

The inventory taken by the accounting department of the Atlanta company as of June 30, 1914, showed \$433,502.27 of material and supplies on hand. The prices used in arriving at this amount were furnished by the purchasing agent.

LEASED RAILWAY PROPERTY.
Property of Other Companies Used by Atlanta Company on June 30, 1914.

Owner	Property Used		Mileage	Use	Rental for fiscal year ended June 30, 1914	14.10 miles of this property subject to Woodward Iron Company's lease at rental of \$10,000 per annum.	Operated under agreement to purchase property when consumed.
	Description	Location From To					
Alabama Terminal Railroad Company	All terminal facilities	Reeder's Gap, Ala.		Sale	\$272,250.00		
Georgia Terminal Company	All terminal facilities	Atlanta, Ga.	26.80	Sale	225,000.00		
Alabama Northern Railway Company	Entire property	Ashland, Ala.	2.40	Sale			
Louisville & Nashville Railway Company	Trucks and station	Pyriton, Ala.	7.10	Sale			
Southern Railway Company	Trucks	Birmingham, Ala.	.50	Joint	1,462.02		
Atlantic Coast Line Railway Company	Trucks and station	Atlanta, Ga.	1.72	Joint	3,869.88		
Atlanta Terminal Company	Trucks and station	Waycross, Ga.	.60	Joint	1,223.56		
Georgia Railway and Railway Company and Seaboard Air Line Railway	Station	Atlanta, Ga.		Joint	1,879.88		
	Station	Cordale, Ga.		Joint	123.11		

LEASED RAILWAY PROPERTY.

Property of Atlanta Company Used by Other Companies on June 30, 1914.

Used by	Property Used		Mileage	Use	Rental for fiscal year ended June 30, 1914	
	Description	Location				
		From				To
Ocala Southern Railroad Company.	Entire branch.....	Ocala, Ga.....	Irvinville, Ga.....	10.75	Sole	\$600.00
Birmingham Southern Railroad Company.	Main line tracks.....	Bessemer, Ala.....	Mulga Junction, Ala.....	2	Joint	2,747.07
Georgia & Florida Railway Company.	Main line tracks.....	Kingswood, Ga.....	Moultrie, Ga.....		Joint	1,500.00
Southern Railway Company.	Connecting tracks.....	Talladega, Ala.....	Talladega, Ala.....		Joint	175.39
Georgia Coast & Piedmont Railway Company.	Connecting tracks.....	Brunswick, Ga.....	Brunswick, Ga.....		Joint	191.04
Atlantic Coast Line Railroad Company.	Connecting tracks.....	Tifton, Ga.....	Tifton, Ga.....		Joint	72.72
Georgia Southern & Florida Railway Company.	Connecting tracks.....	Tifton, Ga.....	Tifton, Ga.....		Joint	65.05
Central of Georgia Railway Company.	Connecting tracks and water station.....	Oglethorpe, Ga.....	Oglethorpe, Ga.....		Joint	140.39

ATLANTIC & BIRMINGHAM RAILROAD COMPANY.

(Waycross Air Line Railroad Company).

STATEMENT OF INCOME ACCOUNT FROM AUGUST, 1895, TO NOVEMBER 30, 1903.

	From 1890 to Aug., 1895	From Aug., 1895, to June 30, 1896	Year ended June 30, 1897	Year ended June 30, 1898	Year ended June 30, 1899	Year ended June 30, 1900	Year ended June 30, 1901	Year ended June 30, 1902	Year ended June 30, 1903	July 1, 1903, to Nov. 30, 1903	Total
Railway operating revenues:											
Freight revenue.....		\$40,817.51	\$37,959.80	\$36,683.79	\$55,961.46	\$62,432.22	\$51,323.05	\$91,634.40	\$166,366.08	\$104,949.00	\$648,127.43
Passenger revenue.....		4,156.30	5,413.81	5,019.39	9,253.12	17,457.91	25,855.24	42,746.85	82,794.79	50,830.29	243,527.70
Mail revenue.....		320.38	1,153.70	1,299.60	1,496.21	1,854.22	2,509.44	3,161.00	4,559.58	2,515.31	18,896.50
Express revenue.....							305.92	929.43	1,696.97	1,714.50	4,646.82
Telegraph and telephone.....							666.12	937.13	1,571.23	156.34	3,330.82
Commissionary.....					470.28	147.81	255.71	2,337.20	4,649.00	2,904.91	10,734.91
Miscellaneous.....									323.71	62.90	386.61
Total railway operating revenues.....		\$45,204.19	\$44,527.31	\$43,002.78	\$67,181.07	\$81,892.16	\$80,895.48	\$141,736.13	\$261,961.90	\$163,133.31	\$920,623.79
Railway operating expenses:											
Maintenance of way and structures.....		\$9,582.95	\$10,928.77	\$7,429.09	\$14,464.41	\$30,958.73	\$15,993.73	\$21,263.18	\$33,091.97	\$20,635.95	\$164,348.78
Maintenance of equipment.....		7,307.75	7,124.66	5,742.53	7,400.61	6,787.22	6,536.33	10,360.52	24,696.65	28,003.42	103,859.69
Traffic.....		30.00	37.00	47.25	68.42	46.42	267.00	682.51	2,006.74	850.90	4,032.30
Transportation.....		5,543.23	11,478.89	12,033.87	20,511.25	22,039.86	22,851.83	40,262.28	79,567.56	62,938.62	277,727.40
General.....		3,475.22	3,254.51	4,325.15	4,608.57	6,171.66	7,434.00	9,056.91	13,964.00	6,788.24	50,078.95
Total railway operating expenses.....		\$25,929.15	\$32,823.83	\$29,597.80	\$47,053.26	\$66,023.89	\$53,083.55	\$81,725.40	\$153,687.01	\$119,223.14	\$609,147.12
Net revenue from operation.....		\$19,365.04	\$11,703.48	\$13,404.89	\$20,127.81	\$15,868.27	\$27,811.93	\$60,010.73	\$108,274.35	\$43,910.17	\$320,476.67
Railway tax accruals.....											
			\$396.10			\$1,272.03	\$1,825.41	\$3,081.81	\$5,513.28	\$8,804.13	\$20,962.76
Total operating income.....		\$19,365.04	\$11,507.38	\$13,404.89	\$20,127.81	\$14,596.24	\$25,898.52	\$56,928.92	\$102,761.07	\$35,106.04	\$299,583.91
Nonoperating income:											
Interest.....		\$183.91			\$407.12		\$1,350.00	\$4,831.75	\$1,123.89		\$7,896.67
Miscellaneous.....			\$1,508.66	\$480.25	752.96	\$2,409.66	\$429.34	719.63	2,385.74	\$290.88	\$8,947.12
Lease of road.....									\$416.50	\$4,287.50	\$9,704.00
Total nonoperating income.....		\$183.91	\$1,508.66	\$480.25	\$1,160.08	\$2,409.66	\$1,779.34	\$5,551.38	\$5,626.13	\$4,548.38	\$26,547.79
Gross income.....		\$19,548.95	\$12,816.04	\$13,885.14	\$21,287.89	\$17,005.90	\$27,675.86	\$62,480.30	\$111,687.20	\$39,654.42	\$326,131.70
Deduction from gross income:											
Interest on funded debt.....						\$2,289.82	\$13,776.85	\$24,616.62	\$25,000.00	\$32,493.75	\$79,714.52
Interest on unfunded debt.....							5.74	340.00	749.01	1,000.00	\$2,378.52
Miscellaneous rents.....									450.00	300.00	1,090.00
Total deductions.....						\$2,289.82	\$13,776.85	\$24,622.36	\$25,340.00	\$33,692.76	\$83,583.04
Income balance transferred to profit and loss.....		\$19,548.95	\$12,816.04	\$13,885.14	\$18,997.97	\$3,220.05	\$3,143.50	\$37,140.30	\$72,994.44	\$19,790.27	\$201,545.66

**CONSOLIDATED GENERAL BALANCE SHEET OF THE
ATLANTA, BIRMINGHAM & ATLANTIC RAILROAD COMPANY AND ITS RECEIVER
AND OF THE
JOINT RECEIVER OF THE ATLANTA, BIRMINGHAM & ATLANTIC RAILROAD COMPANY, THE GEORGIA
TERMINAL COMPANY AND THE ALABAMA TERMINAL RAILROAD COMPANY AS OF JUNE 30, 1914**

Assets		Liabilities	
Account	A. B. & A. R. R. Co.	Account	A. B. & A. R. R. Co.
Investments:		Stock:	
Investment in road and equipment	\$92,041,743.14	Capital stock.....	\$55,000,000.00
Investment in other terminal companies	42,682.02	Long-term debt:	
Miscellaneous physical property.....	4,369,652.02	First mortgage.....	\$18,333,000.00
Investment in other companies—Stock.....	4,000.00	Bonds.....	1,028,000.00
Other investments—Stock.....	\$50,589,377.16	Equipment trust notes.....	10,176.15
Total investments.....	\$143,693.27	Receivers' notes.....	\$10,176.15
Current assets:		Total long-term debt.....	\$19,571,176.14
Cash.....	\$13,693.27	Current liabilities:	
Special deposits.....	464,362.63	Accounts payable.....	\$92,307.50
Loans and bills receivable.....	35,816.64	Traffic and car service balance payable.....	76,477.03
Notes receivable.....	35,741.14	Interest on accounts and payable.....	1,028,000.00
Net balances receivable from agents and com-	99,411.14	Miscellaneous accounts payable.....	16,644.24
panies.....	394,452.39	Interest matured unpaid.....	4,239,141.07
Miscellaneous accounts receivable.....	435,502.27	Unmatured interest.....	524.25
Material and supplies.....	\$1,571,851.79	Unmatured rents secured.....	743.02
Total current assets.....	\$4,000.32	Other current liabilities.....	243.02
Deferred assets:		Total current liabilities.....	\$4,730,745.36
Working fund advances.....	4,340.30	Deferred liabilities:	
Other deferred assets.....		Other deferred liabilities.....	\$243.45
Co. expenses, claims due from A. B. & A. R. R.		Alabama Terminal R. R. Co.....	980,000.00
Co. expenses, claims due from A. B. & A. R. R.		Atlantic & Birmingham Construction Co.....	404,269.57
Alabama Terminal R. R. Co.....	134,606.63	Atlantic & Birmingham Construction Co.....	1,584,686.89
Alabama Terminal R. R. Co.....	62,538.85	Georgia Southern R. R. Co.....	3,058,160.91
Georgia Southern R. R. Co.....	396,031.78	Georgia Southern R. R. Co.....	\$3,058,160.91
Atlantic & Birmingham Construction Co.....	\$756,360.69	Total deferred liabilities.....	\$85,493.16
Total deferred assets.....	\$1,598,201.35	Unadjusted credits:	
Unadjusted debits:		Accrued depreciation—Equipment.....	\$30,681.15
Discount on receivers' certificates.....	\$160,875.02	Material received from A. & B. Construction	182,186.32
Operating expenses and similar charges.....	254,099.13	Released rail and furnishings.....	218,776.76
Operating expenses and similar charges.....	935,268.33	Operating expenses and similar charges.....	26,710.04
Securities owned or secured—Bills and notes.....		Other unadjusted credits.....	\$1,106,528.06
Stock.....	12,900.00	Total unadjusted credits.....	\$1,561,292.26
Receivers' certificates.....	4,500.00	Corporate surplus:	
Total unadjusted debits.....	\$1,657,120.40	Profit and loss (deficit).....	\$1,444,060.29
Grand total assets.....	\$50,070,432.22	Grand total liabilities.....	\$5,526,577.63

**OFFERMAN & WESTERN RAILROAD
COMPANY.**

The above-named railroad, which was about 35.5 miles in length, extended from Offerman, Ga., to Nicholls, Ga., and was constructed about the year 1887 as a logging road. On June 22, 1899, the property was incorporated under the laws of the State of Georgia. No books or records of the company could be located.

The property was sold July 1, 1902, to the Brunswick & Birmingham Railroad Company for \$1,420,000, payable in securities of the purchasing company—\$710,000 in common stock and \$710,000 in first mortgage bonds.

**OCILLA & IRWINVILLE RAILROAD
COMPANY.**

The above-named company was incorporated on October 4, 1900, under the laws of the State of Georgia for the purpose of building and operating a railroad from Ocilla, Ga., to Irwinville, Ga., a distance of approximately 10.75 miles. No books or records of the company could be located.

On February 19, 1903, the property and franchises were deeded to the Brunswick & Birmingham Railroad Company for \$600,000, payable \$300,000 in common stock and \$300,000 in first mortgage bonds of the purchasing company.

**BRUNSWICK & BIRMINGHAM RAILROAD
COMPANY.**

The above-named company was incorporated under the general laws of the State of Georgia December 11, 1900, for the purpose of constructing, equipping, maintaining and operating a railroad from Brunswick, Ga., to Montgomery and Birmingham, both in the State of Alabama. The line owned consisted of something like 119 miles, which from the fragmentary records available appears to have been acquired partly by construction and partly by purchase, as follows:

Constructed:

From Brunswick, Ga., to Offerman, Ga., completed some time during the year 1902.....	48.7 miles
From Bushnell, Ga., to Ocilla, Ga., precise date of completion unknown.....	19.0 miles
Total miles constructed.....	67.7 miles

Purchased:

On July 1, 1902, from the Offerman & Western Railroad Company, line between Offerman, Ga., and Nicholls, Ga., about.....	35.5 miles
On February 18, 1903, from the Ocilla & Irwin- ville Railroad Company, line between Ocilla and Irwinville, Ga., about.....	10.0 miles
On February 18, 1903, from the Canda Lumber Company, line between Irwinville and Alapaha River, Ga., about.....	5.54 miles
Total.....	51.04 miles

Grand total mileage..... 118.75 miles

For the Offerman & Western property the Brunswick Company gave \$710,000 in par value of its common stock and \$710,000 in par value of its first mortgage bonds, or a total of \$1,420,000. For the Ocilla & Irwinville property the Brunswick Company paid \$300,000 in par value of its common stock and \$300,000 in

par value of its first mortgage bonds, or a total of \$600,000. The actual cost of building the properties thus acquired is unknown.

The property of the Brunswick Company was placed in the hands of receiver on April 30, 1904, and sold at foreclosure sale on August 9, 1904, to Bird M. Robinson, acting as agent for the bondholders. The sale was confirmed, and on September 6, 1904, the property was purchased by the Atlantic & Birmingham Railway Company.

The records and accounts relating to the affairs of the Brunswick & Birmingham Railroad Company are very meager and fragmentary and the foregoing constitutes all of the information that could be ascertained concerning the company.

ATLANTIC & BIRMINGHAM RAILROAD COMPANY.

(Formerly the Waycross Air Line Railroad Company.)

INTRODUCTORY.

The accounting records of the above-named company are fragmentary. None relating to the period prior to 1895 could be found. Those for the period subsequent to that date showed that postings had been made but once or twice a year instead of currently, and dates and details in many instances had been omitted. The information concerning its affairs is therefore quite meager and is here stated very briefly.

The Atlantic & Birmingham Railroad Company, hereinafter designated the "Railroad Company," was a Georgia corporation and owned and operated 139.3 miles of standard gauge, single-track railroad, situated wholly within that State. The road extended in a general northwesterly direction from Waycross on the south to Montezuma on the north. It was originally incorporated as the Waycross Air Line Railroad Company on October 24, 1887, under the general laws of the State of Georgia; by appropriate amendment the name of the road was changed on November 27, 1901, to the Atlantic & Birmingham Railroad Company.

On December 3, 1903, the Atlantic & Birmingham Railroad Company, the Tifton, Thomasville & Gulf Railway Company and the Tifton & Northeastern Railroad company were consolidated to form the Atlantic & Birmingham Railway Company, which came into possession of the properties of the companies so consolidated.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY.

The first stretch of road opened for operation extended from Waycross to Sessoms, Ga., a distance of twenty-five miles. This section was opened for logging operations some time in 1890. The first indication of its operation as a common carrier is given in circular No. 228, issued by the Railroad Commission of Georgia on July 7, 1893, wherein the Waycross Air Line Railroad was authorized to charge certain rates.

The records indicate that the property was extended on from Sessions as follows:

From Sessions to Nicholls, Ga.....	4.0 miles, in 1897
From Nicholls to Douglas, Ga.....	13.6 miles, in 1898
From Douglas to Fitzgerald, Ga.....	28.4 miles, in 1901
From Fitzgerald to Cordele, Ga.....	37.0 miles, in 1902
From Cordele to Montezuma, Ga.....	31.3 miles, in 1903

Further details relating to these construction projects were not available. The records did not disclose when any of these extensions were opened for operation.

HISTORY OF CAPITAL FINANCING.

Syndicating, Banking and Other Financial Arrangements.

The accounts of the company show that the securities indicated in the following table were issued for expenses of reorganization and for services in reorganizing and financing the company. The records give no further details concerning these transactions:

Common stock issued for expenses of reorganization	\$276,000
Common stock issued for services in reorganizing and financing company.....	33,600
First mortgage bonds issued on account of expenses of reorganization.....	131,000
Total.....	\$440,600

This aggregate amount was included by the "Railroad Company" in its cost of property.

Capital Stock.

The records of the "Railroad Company" showed that it had capital stock outstanding just prior to the consolidation, to the amount of \$1,400,000. Of this amount \$700,000 was designated as common stock and \$700,000 as preferred stock.

The records show that the common stock had been issued between February, 1899, and December, 1902, for the following purposes:

For construction.....	\$236,500
For cash.....	60,000
For payment of dividends.....	93,900
For expenses of reorganization.....	276,000
For services in reorganizing and financing company.....	33,600
Total.....	\$700,000

Further details were not available.

The preferred stock to the amount of \$700,000 had been issued in June, 1901, in exchange for the company's own first mortgage five per cent. bonds which were then outstanding to the amount of \$350,000. An apparent discount of \$350,000 was involved in this exchange.

Funded Debt.

The accounts of the "Railroad Company" at the date of consolidation showed that it had outstanding funded debt to the amount of \$862,098.16, consisting of \$845,000 of bonds and \$17,098.16 of equipment notes.

The class and amount of bonds outstanding, and the consideration received therefor, are indicated in the following exhibit:

Class of Security	Issue		Consideration Received
	Date	Amount	Cash
First mortgage five per cent. bonds.....	1901	\$350,000	\$350,000
First mortgage five per cent. bonds.....	1902-3	243,000	243,000
Prior lien bonds.....	1900-3	252,000	252,000
Total.....		\$845,000	\$845,000

The accounts of the "Railroad Company" showed that equipment trust notes to the amount of \$25,650.24 had been issued by the company, of which amount \$17,098.16 was outstanding on December 3, 1903.

The accounts also indicated that \$350,000. of the five per cent. first mortgage bonds had been issued in August, 1900, for the following purposes:

To retire certificates of indebtedness issued earlier in the year for cash advances of.....	\$219,000
For reorganization expenses.....	131,000
Total.....	\$350,000

No further details were available concerning this transaction other than that these bonds had been reacquired by the company in June, 1901, through the exchange therefor of \$700,000 in preferred stock, as described heretofore.

Certificates of Indebtedness.

The accounts of the carrier indicate that early in the year 1900 it had issued certificates of indebtedness for cash advances received, to the amount of \$219,000. Further details were not available.

RESULTS OF CORPORATE OPERATIONS.

Income.

No records were available showing the income for the period prior to August, 1895. From that date to November 30, 1903, the results from operation were as follows:

Total railway operating revenues.....	\$929,623.79
Total railway operating expenses.....	\$609,147.12
Taxes.....	20,892.76
	<hr/> 630,039.88
Total operating income.....	\$299,583.91
Nonoperating income.....	26,547.79
Total gross income.....	\$326,131.70
Deductions from gross income:	
Interest on funded debt.....	\$99,714.52
Other interest and rents.....	24,871.52
	<hr/> 124,586.04
Income balance transferred to credit of profit and loss account.....	\$201,545.66

The detailed income account stated by years will be found in the appendix of this report.

Profit and Loss Account.

Credits.

Credit balance transferred from income account.....	\$201,545.66
Unclaimed wages.....	757.88
Total.....	\$202,303.54

Debits.

Issue of capital stock representing undivided profits from operation.....	\$93,900.00
Bills canceled.....	211.32
Balance transferred to balance-sheet statement.....	108,192.22
Total.....	\$202,303.54

INVESTMENT IN ROAD AND EQUIPMENT.

The investment account of the company as shown by its records just prior to the date of consolidation was \$2,494,417.87. Included in that amount was the discount of \$350,000 suffered on the preferred stock, as well as the so-called expenses of reorganization, aggregating \$440,600. Further analysis of the account was precluded by the condition of the records.

ATLANTIC & BIRMINGHAM RAILROAD COMPANY.
(Waycross Air Line Railroad Company).
GENERAL BALANCE-SHEET STATEMENT AS OF NOVEMBER 30, 1903.

ASSETS		LIABILITIES	
<u>Investments.</u>		<u>Stock.</u>	
701—Investment in road and equipment.....	\$2,494,417.87	751—Capital Stock.....	\$1,400,000.00
<u>Current assets.</u>		<u>Long-term debt.</u>	
708—Cash.....	\$37,527.65	755—Funded debt unmatured—Bonds.....	\$845,000.00
714—Net balance receivable from agents and conductors.....	15,679.25	755—Funded debt unmatured—Equipment notes.....	17,098.16
715—Miscellaneous accounts receivable.....	13,101.50	Total.....	\$862,098.16
716—Materials and supplies.....	17,061.26		
Total current assets.....	\$83,369.66	<u>Current liabilities.</u>	
<u>Unadjusted debits.</u>		758—Loans and bills payable.....	\$130,000.00
723—Rents and insurance premiums paid in advance.....	\$824.09	759—Traffic and car service balances payable.....	10,584.20
727—Other unadjusted debits.....	12,688.72	760—Audited accounts and wages payable.....	60,145.06
Total unadjusted debits.....	\$13,512.81	761—Miscellaneous accounts payable.....	2,799.89
		766—Unmatured interest accrued.....	17,604.15
		Total current liabilities.....	\$221,133.30
		<u>Deferred liabilities.</u>	
		770—Other deferred liabilities.....	\$21.18
		<u>Unadjusted Credits.</u>	
		771—Tax liability.....	\$144.52
		<u>Corporate Surplus.</u>	
		784—Profit and loss—Balance.....	\$108,192.22
Total assets.....	\$2,591,300.34	Total liabilities.....	\$2,591,300.34

STATEMENT OF INCOME ACCOUNT FROM MAY 1, 1906, TO JUNE 30, 1914.
ATLANTA, BIRMINGHAM & ATLANTIC RAILROAD COMPANY AND ITS RECEIVERS.

Account	May 1, 1906, to June 30, 1906	Year Ended June 30, 1907	Year Ended June 30, 1908	Year Ended June 30, 1909	Year Ended June 30, 1910	Year Ended June 30, 1911	Year Ended June 30, 1912	Year Ended June 30, 1913	Year Ended June 30, 1914	Total
Railway operating revenues:	\$142,090.35	\$1,083,129.28	\$1,121,896.85	\$1,492,409.94	\$1,908,238.29	\$2,020,852.15	\$2,405,340.83	\$2,356,554.39	\$2,424,184.17	\$14,954,705.25
Freight revenue	48,540.20	390,552.50	382,004.00	451,546.07	522,340.39	614,556.21	659,130.73	634,967.61	682,029.21	4,274,628.89
Passenger revenue	3,123.73	19,942.38	21,265.54	41,526.82	45,310.51	45,379.22	45,342.59	63,400.06	67,142.95	337,532.80
Mail revenue	1,538.28	14,604.34	15,110.71	36,533.37	45,632.59	56,424.71	61,488.96	62,691.96	62,064.96	355,930.00
Express revenue	750.00	6,876.70	8,966.53	16,120.39	18,732.42	17,845.72	22,185.44	28,762.18	31,543.50	141,413.49
Other passenger train revenue			4,350.00	7,319.35	6,090.00	4,105.34	2,002.50	1,607.30	5,142.29	30,736.78
Switching revenue			1,192.48	2,223.91	2,028.77	2,175.91	2,373.69	2,221.74	2,548.64	14,764.94
Special service train revenue			3,424.46	4,437.74	5,303.07	6,363.42	7,226.04	6,383.78	5,997.48	39,117.99
Station and train privileges			4,077.61	2,876.91	2,785.56	5,138.61	5,804.08	5,699.88	6,174.47	33,485.05
Excess baggage revenue			23.89	107.30	135.65	211.29	205.35	206.35	216.60	1,220.05
Storage—freight			8,340.60	4,930.93	4,589.82	7,930.59	11,656.50	14,434.59	15,096.70	17,917.58
Storage—baggage										85,497.31
Demurrage										
Rents of buildings and other property			1,747.51	2,552.50	1,164.72	384.65	999.50	1,181.67	12,194.70	25,044.56
Miscellaneous	1,628.73	11,004.58	9,407.62	8,332.82	13,942.78	24,447.51	20,186.69	35,113.86	78,957.77	205,062.71
Joint facility—Dr.				832.59	830.00	830.00	830.00	830.00	830.00	4,150.00
Joint facility—Cr.				100.35	134.53	167.40	167.40		920.25	1,598.36
Telegraph and telephone		413.49	248.28	288.98	279.91	72				1,231.38
Total railway operating revenues	\$197,502.39	\$1,506,691.38	\$1,583,379.31	\$2,009,609.72	\$2,379,345.85	\$2,810,483.45	\$3,246,301.80	\$3,240,804.97	\$3,399,300.43	\$20,633,679.25
Railway operating expenses:										
Maintenance of way and structures	\$21,880.44	\$233,722.14	\$252,659.43	\$277,279.74	\$315,672.68	\$355,537.03	\$363,134.70	\$529,743.59	\$530,650.35	\$2,889,475.09
Maintenance and equipment	27,323.49	213,916.05	254,741.35	306,882.31	411,538.43	444,451.03	374,432.39	322,232.16	342,908.98	3,356,358.36
Traffic expenses	16,546.16	40,334.31	46,434.31	125,628.41	152,848.56	163,270.38	206,175.36	183,403.93	170,407.95	1,099,450.30
Transportation expenses	81,153.90	612,305.80	545,908.86	822,782.62	1,016,664.62	1,055,307.19	1,318,002.12	1,312,412.08	1,375,043.88	8,157,657.87
General expenses	11,836.62	88,765.43	96,407.26	90,210.02	102,931.78	109,250.96	137,008.04	135,808.83	138,942.75	868,331.69
Total railway operating expenses	\$144,041.69	\$1,162,245.58	\$1,157,142.21	\$1,712,783.10	\$1,999,856.07	\$2,147,817.46	\$2,568,832.70	\$2,683,710.59	\$2,706,953.71	\$16,373,483.11
Net revenue from railway operations	\$53,460.70	\$344,445.75	\$426,237.10	\$337,026.62	\$379,389.78	\$662,665.99	\$677,469.10	\$557,094.38	\$692,466.72	\$4,260,196.14
Railway tax accruals	6,006.57	39,571.20	45,000.79	87,000.00	125,265.17	131,145.48	175,500.00	164,235.55	172,042.20	\$4,260,196.14
Railway operating income	\$47,454.13	\$304,874.55	\$381,236.31	\$270,026.62	\$456,124.61	\$531,520.51	\$502,968.60	\$392,858.83	\$460,364.52	\$3,318,126.18
Nonoperating income:										
Hire of equipment	\$9,319.58	\$89,958.87	\$131,014.61	\$75,698.92	\$78,502.37	\$91,990.11		\$15,949.01		\$492,433.47
Joint facility rent income			525.00	1,188.65	1,130.04	2,270.64	\$5,404.57		\$4,893.46	19,999.29
Income from lease of road	1,119.80	6,718.80	5,139.40	23,653.50	23,884.60	27,004.27	25,273.15	21,577.32	35,528.47	168,517.51
Miscellaneous rent income			843.61	2,405.42	3,325.76	6,274.34	4,152.03	3,554.11	4,426.84	23,842.11
Dividend income				75,000.00	75,000.00					150,000.00
Interest received					1,079.65	3,684.62	1,429.21	3,326.84	3,078.68	12,599.00
Miscellaneous nonoperating physical property								2,485.27	2,777.30	5,262.57
Total nonoperating income	\$10,439.38	\$96,677.67	\$137,542.62	\$178,006.49	\$182,922.62	\$130,823.98	\$36,318.96	\$51,219.48	\$48,702.75	\$872,653.95
Gross income	\$57,893.51	\$401,242.22	\$518,778.93	\$448,033.11	\$639,047.23	\$662,344.49	\$539,287.56	\$444,078.31	\$509,067.27	\$4,199,780.13
Deduction from gross income:										
Hire of equipment—balance							\$1,545.18			\$9,205.01
Joint facility rents			\$2,536.41	\$3,045.43	\$39,321.94	\$16,373.11	\$16,655.04	\$16,139.45		\$10,841.09
Rents for leased roads			225,000.00	225,000.00	272,250.00	272,250.00	272,250.00	272,250.00		1,339,000.00
Miscellaneous rents	\$548.80	\$7,689.47	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00	40,000.00		1,112.12
Interest on funded debt	39,680.21	346,199.96	446,226.31	986,911.11	1,027,731.83	1,022,750.00	1,011,308.34	994,749.99	989,681.69	6,855,589.41
Interest on unfunded debt		27,487.35	10,334.08	728.33		1,913.01	356.75		5,096.08	46,466.40
Separately operated property—loss							17,630.65	7,980.40		25,611.05
Miscellaneous tax accruals									1,934.80	1,934.80
Miscellaneous deductions									28.87	28.87
Total deductions	\$39,579.01	\$333,889.43	\$476,250.07	\$1,257,200.62	\$1,289,762.30	\$1,311,433.11	\$1,321,764.73	\$1,294,439.42	\$1,286,837.98	\$8,630,256.67
Income balance transferred to profit and loss	\$18,314.50	\$47,352.79	\$42,528.86	\$809,227.51	\$650,735.07	\$650,988.62	\$611,496.67	\$611,496.67	\$611,496.67	\$4,439,476.54

Charges.
 * Deficit.

TIFTON, THOMASVILLE & GULF
RAILWAY COMPANY.

INTRODUCTORY.

The above-named company, hereinafter designated as the Gulf Company, was incorporated on June 26, 1897, under the general laws of the State of Georgia. Under the provisions of the charter thus obtained the Union Lumber Company built a line of railroad about 55.8 miles long between Tifton and Thomasville, Ga., and opened it for operation in September, 1899. It does not appear whether there was any contract between the Gulf Company and the Lumber Company for this construction. However, the Lumber Company acquired all of the capital stock and first mortgage bonds of the Gulf Company, presumably in return for expenditures made in the construction of the railway line above described. No records were available showing the cost of constructing the property and the general ledger and journal that were available did not lend themselves to analysis, nor did they carry any details relating to the affairs of the company.

On December 3, 1903, the franchises, property and other assets of the Gulf Company were consolidated with those of the Atlantic & Birmingham Railroad Company and the Tifton & Northeastern Railroad Company to form the Atlantic & Birmingham Railway Company.

HISTORY OF CAPITAL FINANCING.

Syndicating, Banking and Other Financial Arrangements and Expenses Thereof.

The carrier's records contain no reference to these subjects.

Capital Stock.

The records of the Gulf Company show that 5550 shares of capital stock, having a par value of \$100 per share, or a total of \$555,000, had been issued as part consideration for the construction of its line of railroad. Further details were not available. This total amount of stock was outstanding at the date of consolidation, December 3, 1903.

Funded Debt.

The records of the Gulf Company show that first mortgage five per cent. bonds to the amount of \$555,000 had been issued as part consideration for the construction of the company's line of railroad. Further details were not available.

Second mortgage five per cent. bonds to the amount of \$350,000 had been issued for the purpose of liquidating a note for \$210,000 held by the Union Lumber Company. An apparent discount of \$140,000 had been suffered in this issuance.

The total amount of these two issues of bonds, aggregating \$905,000, was outstanding on the date of consolidation, December 3, 1903.

Equipment Trust Notes.

The records of the company show that equipment trust notes to the amount of \$59,296.32 had been issued in the acquisition of equipment and that \$52,707.84 of these notes were outstanding at the date of consolidation, December 3, 1903. Further details in connection with these notes were not available.

Other Notes.

The records also indicate that a note for \$210,000 had been issued to the Union Lumber Company and had been retired by the exchange thereof of the second mortgage bonds as stated heretofore. No further details of this transaction, not even the date of issuance, were available.

Short Term Notes.

The records indicate that a six-months note for \$19,928.22 had been issued by the carrier on January 2, 1902, to the Title Guarantee & Trust Company, to secure cash for the payment of interest on the first and second mortgage bonds. This note had been paid at maturity.

RESULTS OF CORPORATE OPERATIONS.

The company had no record of its earnings and expenses prior to July 1, 1900. From that date to November 30, 1903, they are shown by the records as follows:

Railway operating revenues.....	\$534,328.41
Railway operating expenses.....	314,833.21
Net revenue from railway operations.....	\$219,495.20
Railway tax accruals.....	11,118.88
Railway operating income.....	\$208,376.82
Deductions:	
Interest on funded and unfunded debt.....	\$156,386.52
Rents.....	848.53
Total deductions.....	157,235.05

Income balance transferred to the credit of profit and loss account.....	\$51,141.77
--	-------------

Profit and Loss Account.

The following is a statement of the profit and loss account:

Credit balance transferred from income account....	\$51,141.77
Profit on sales of land.....	632.50
Unclaimed wages.....	37.25
Total profit and loss account.....	\$51,811.52

INVESTMENT IN ROAD AND EQUIPMENT.

The Gulf Company's records show its investment in road and equipment as of November 30, 1903, to have been \$1,562,909.14. Included therein was an amount equivalent to the par value of the capital stock and first mortgage bonds issued which aggregated \$1,110,000; also an item of \$140,000, representing discount suffered in the issuance of second mortgage bonds; the remainder of the charges were apparently for construction. If the item of discount, \$140,000, is deducted, the investment account would carry a total charge of \$1,422,909.14, of which no analysis further than that just given can be made.

TIFTON. THOMASVILLE & GULF RAILWAY COMPANY.

	From September 1, 1899, to July, 1900	Year ended June 30, 1901	Year ended June 30, 1902	Year ended June 30, 1903	July 1, 1903, to November 30, 1903	Total
Railway Operating Revenue:						
Freight revenue	\$82,733.94	\$91,628.74	\$101,628.74	\$127,562.20	\$56,613.82	\$458,029.90
Passenger revenue	\$8,572.70	44,486.04	44,486.04	51,004.04	22,746.90	166,899.38
Mail revenue	1,891.96	2,379.38	2,379.38	2,404.48	359.62	9,565.82
Station and train privileges	180.00	107.50	107.50	150.00	39.12	467.50
Telephone and telegraph	3.33	72.33	72.33	271.58	1,014.54	1,480.83
Rent from buildings and other property	100.01	73.36	73.36	271.58	1,014.54	1,480.83
Total railway operating revenue	\$123,694.30	\$144,186.50	\$157,110.06	\$187,110.06	\$82,329.44	\$534,328.41
Railway Operating Expenses:						
Maintenance of way and structures	\$49,133.25	\$47,845.40	\$49,845.40	\$49,465.60	\$43,968.97	\$609,849.19
Maintenance of equipment	9,215.80	14,187.41	14,187.41	18,765.45	8,891.26	51,365.32
Traffic	321.33	10.00	10.00	10.00	238.16	156,389.69
Depreciation	38,127.50	38,127.50	38,127.50	38,127.50	24,447.33	156,389.69
General	10,541.60	11,002.10	11,002.10	13,703.70	4,447.33	30,994.73
Inventory adjustments charged by carrier to profit and loss					2,559.34	2,559.34
Total railway operating expenses	\$75,638.22	\$61,494.41	\$75,638.22	\$103,872.04	\$45,827.54	\$314,633.21
Net revenue from operation	\$48,056.08	\$82,692.09	\$82,692.09	\$83,247.04	\$36,500.90	\$219,495.20
Railway Tax Accruals	3,055.14	3,361.37	3,361.37	2,956.96	1,554.91	11,118.38
Total operating income	\$45,000.93	\$86,053.46	\$86,053.46	\$86,204.00	\$38,955.99	\$298,376.82
Deductions from Gross Income:						
Interest on funded debt	\$45,872.97	\$45,240.99	\$45,240.99	\$45,250.00	\$38,854.17	\$155,227.13
Interest on unsecured debt	155.93	75.00	75.00	1,163.27	617.58	848.53
Miscellaneous items						
Total deductions	\$46,028.92	\$45,316.99	\$45,316.99	\$46,413.27	\$39,471.97	\$157,225.05
Income balance transferred to profit and loss	\$1,029.89	\$10,736.47	\$10,736.47	\$10,790.73	\$7,483.12	\$51,141.77

TIFTON & NORTHEASTERN RAILROAD COMPANY.

The Tifton & Northeastern Railroad Company was incorporated on October 15, 1891, under a special Act of the legislature of the State of Georgia. Its property was originally a logging road and was built by H. H. Tift, a lumberman, in connection with the lumber industry of which he was the head. The line extended from Tifton to Fitzgerald, Ga., a distance of 24.5 miles, more or less, and was opened for operation some time in 1896. No records were found relating to the transactions of the company or the construction of its property. It had outstanding capital liabilities of \$125,000, consisting of \$75,000 stock and \$50,000 bonds, but what had been received for these securities is not known. The franchise, property and other assets were consolidated on December 3, 1903, with those of the Atlantic & Birmingham Railroad Company and the Tifton, Thomasville & Gulf Railway Company to form the Atlantic & Birmingham Railway Company, which issued its securities to the amount of \$31,000 per mile for the property of the Tifton company. No further information concerning the affairs of this company were available.

ATLANTIC & BIRMINGHAM RAILWAY COMPANY.

INTRODUCTORY.

The above-named company, hereinafter designated the "Atlantic" company, was a Georgia corporation which owned a line of railroad extending in a general northwesterly direction from Brunswick to Montezuma, both in the State of Georgia, with branches to Waycross, Thomasville and Crystal Lake or Alapaha River, Ga. Originally the aggregate mileage of this line was something over 338 miles, but through subsequent abandonments it was reduced to about 313.5 miles, more or less. All of this mileage was operated by the Atlantic company with the exception of that portion between Ocilla and Irwinville, a distance of about 10.75 miles, which was leased to the Ocilla & Valdosta Railroad Company, afterwards the Fitzgerald, Ocilla & Broxton Railroad Company.

CORPORATE HISTORY.

The corporate existence of this company dates from December 3, 1903, when there was filed in the office of the Secretary of State of Georgia, an agreement under the terms of which the Atlantic & Birmingham Railroad Company, the Tifton, Thomasville & Gulf Railway Company and the Tifton & Northeastern Railroad Company were consolidated under the name of the Atlantic & Birmingham Railway Company.

On April 12, 1906, the property and franchises of this company were by deed conveyed to the Atlanta, Birmingham & Atlantic Railroad Company.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY.

The property owned was acquired through consolidation of the companies heretofore mentioned and the subsequent purchase of the property of the Brunswick & Birmingham Railroad. This latter road had been sold on August 9, 1904, under foreclosure proceedings to one Bird M. Robinson, acting as agent for the bondholders. That sale was confirmed by the court and

on September 6, 1904, the property was bought by the Atlantic & Birmingham Railway Company. The details of the mileage acquired follows:

Acquired at Date of Consolidation.

Property of the Atlantic & Birmingham Railroad Company consisting of a line of single-track standard gauge railroad, extending from Waycross to Montezuma, Ga., about.....	139.3 miles
Property of the Tifton, Thomasville & Gulf Railway Company, consisting of a line of single-track standard gauge railroad, extending from Tifton to Thomasville, Ga.....	55.5 miles
Property of the Tifton & Northeastern Railroad Company, consisting of a line of single-track standard gauge railroad, extending from Tifton to Fitzgerald, Ga.....	24.5 miles
Total.....	219.3 miles

Acquired Through Purchase.

Property of the Brunswick & Birmingham Railroad Company, consisting of a line of single-track standard gauge railroad, extending from Brunswick to Nicholls, Ga.....	84.2 miles
A line of single-track standard gauge railroad, extending from Bushnell to Irwinville, Ga.....	29.0 miles
A line of single-track standard gauge railroad, extending from Irwinville to Alapaha River, or Crystal Lake, Ga.....	5.54 miles
Total.....	118.74 miles
Grand total.....	338.04 miles

Of the purchased mileage of the former Brunswick & Birmingham Railroad Company, 19 miles between Bushnell and Ocilla, and 5.54 miles, or thereabouts, between Irwinville and Alapaha River or Crystal Lake, Ga., were abandoned in

November, 1905, so that at the date the property of the Atlantic company was sold to the Atlanta, Birmingham & Atlantic Railroad Company it consisted of about 313.5 miles, more or less.

HISTORY OF CAPITAL FINANCING.

Capitalization.

At the time the Atlantic company was sold, its outstanding capital liabilities amounted to \$11,389,823.16 and consisted of:

Stock.....	\$6,893,700.00
Common.....	\$4,923,800.00
Preferred.....	1,969,900.00
First mortgage five per cent. bonds.....	4,090,000.00
Equipment trust notes.....	406,123.16
Total.....	\$11,389,823.16

Practically all of the stock and most of the bonds had been issued in the acquisition of property which involved the retirement of the outstanding securities of the properties consolidated and merged. Some bonds and a small amount of stock had been placed in the treasury and subsequently sold for cash. The securities issued are exhibited in the following table and later are discussed under appropriate headings in this chapter:

Issued to	Stock	Bonds	Total
Atlantic & Birmingham Railroad, for property....	\$2,940,000	\$1,400,000	\$4,340,000
Tifton, Thomasville & Gulf Railway, for property....	1,165,500	555,000	1,720,500
Tifton & Northeastern Railroad, for property.....	514,500	245,000	759,500
Brunswick & Birmingham Railroad, for property....	2,273,200	1,144,500	3,417,700
Company's treasury to be sold later.....	500	745,500	746,000
Total.....	\$6,893,700	\$4,090,000	\$10,983,700

Under the terms of the agreement of consolidation, the company took over the properties of the roads consolidated at an agreed price of \$31,000 per mile, computed upon an arbitrary total of 220 miles acquired, the price to be paid in the securities of the acquiring company, \$21,000 per mile in common stock and \$10,000 per mile in bonds. The property of the Atlantic & Birmingham Railroad Company was reckoned at 140 miles, although its records show it had but 139.3 miles of road. In addition the acquiring company reserved for the use of its treasury bonds to the amount of \$2000 for each mile of road acquired. The price paid seems to have been made on the basis of the arbitrary figures named per mile of road and without any regard to the outstanding capitalization of the properties consolidated. In addition to paying the above-named price per mile of road acquired the Atlantic company also assumed all current assets and liabilities of the companies consolidated, as well as any outstanding equipment obligations.

In purchasing the property of the Brunswick & Birmingham Railroad Company from the agent of its bondholders, the Atlantic company gave \$3,417,700 par value of its securities in payment and assumed \$76,329 of equipment notes which had been issued by the Brunswick company. No other assets or liabilities of the defunct company were assumed by the Atlantic company.

Syndicating, Banking and Other Financial Arrangements.

The records make no reference to any arrangements with banks or bankers or any syndicates for financial assistance. Some equipment was purchased through the house of Vermilye & Co., of New York, at a price of \$522,995.50, for which notes to the amount of \$400,000 and cash to the amount of \$122,995.50 were given in payment. The records indicate that the builder's price on this equipment was \$492,995.50, and the difference between this amount and the price paid to Vermilye & Co., evidently represents the commission paid that house.

Capital Stock.

As shown in the foregoing article, the capital stock outstanding in the name of the Atlantic & Birmingham Railway at the date of sale of that property to the Atlanta, Birmingham & Atlantic Railroad was \$6,893,700, of which \$4,923,800 was common and \$1,969,900 was preferred stock. Some of this stock had been issued at the date of consolidation in part payment for the properties acquired at that time, including the retirement of their outstanding securities, and with the exception of \$500 the remainder was issued in 1904 in part payment for the property of the Brunswick & Birmingham Railroad. The following table will exhibit the amount of common and preferred stock issued and the purposes for which issued:

Issued	Common	Preferred	Total
In part payment for the franchises and property of companies consolidated in December, 1903, as follows:			
Atlantic & Birmingham Railroad Company.....	\$2,100,000	\$840,000	\$2,940,000
Tifton, Thomasville & Gulf Railway Company.....	832,500	333,000	1,165,500
Tifton & Northeastern Railroad Company.....	367,500	147,000	514,500
Total issued at consolidation for property.....	\$3,300,000	\$1,320,000	\$4,620,000
In part payment for the property of the Brunswick & Birmingham Railroad purchased in September, 1904.....	1,623,700	649,500	2,273,200
Issued to company's treasury for subsequent sale.....	100	400	500
Grand total.....	\$4,923,800	\$1,969,900	\$6,893,700

Funded Debt.

During its existence the Atlantic company issued first mortgage five per cent. bonds to the amount of \$4,090,000, and that amount was outstanding on April 12, 1906, the date of merger. These bonds were dated January 1, 1904, to mature on January 1, 1934, and were assumed by the Atlanta, Birmingham & Atlantic Railroad Company in carrying out the agreement of sale and merger of the Atlantic company. Of these bonds \$3,344,500 had been issued as part payment in the acquisition of property and \$745,500 had been issued to the treasury. Of the latter amount \$50,000 was issued to promote the exchange of the bonds of the Atlantic & Birmingham Railroad Company. Of the remainder \$102,000 was used in the purchase of equipment at a discount of \$5100 and \$593,500 was sold for cash at ninety-nine. The following table will exhibit the issues in each instance and the purpose of the issue:

Issue.

In part payment for franchises and property of the companies consolidated in December, 1903, as follows:

Atlantic & Birmingham Railroad Company.....	\$1,400,000
Tifton, Thomasville & Gulf Railway.....	555,000
Tifton & Northeastern Railroad Company.....	245,000

Total issued at consolidation for property..... \$2,200,000

In part payment for the property of the Brunswick & Birmingham Railroad Company purchased in September, 1904..... 1,144,500

Issued to company's treasury for subsequent sale..... 745,500

Grand total..... \$4,090,000

Equipment Notes.

The equipment notes of the Atlantic company outstanding on April 12, 1906, aggregated \$406,123.16. This amount represents the unpaid balance of equipment notes which had been assumed or issued by the Atlantic company as follows:

Equipment notes of the Atlantic & Birmingham Railroad Company assumed.....	\$17,098.16
Equipment notes of the Tifton, Thomasville & Gulf Railway Company assumed	52,707.84
Equipment notes of the Brunswick & Birmingham Railroad Company assumed.....	76,329.00
Equipment notes issued by the Atlantic company.....	400,000.00
Total issued and assumed.....	\$546,135.00

Increase and Decrease in Stocks, Bonds, or Other Securities in any**Reorganization.**

In the consolidation of the three constituent companies into the Atlantic company the outstanding securities were increased \$2,940,000 through the substitution of the Atlantic company's securities for those of the constituent companies, although apparently no additional mileage was created in the consolidation. This increase was composed of \$2,590,000 in stock and \$350,000 in interest-bearing securities or bonds. The details of the arrangement are shown in the following table:

Income Account.

Railway operating revenues.....	\$2,276,304.44
Railway operating expenses.....	1,595,359.76
Net revenue from railway operations.....	\$680,944.68
Railway tax accruals.....	69,928.66
Railway operating income.....	\$611,016.02
Nonoperating income.....	44,896.18
Total gross income.....	\$655,912.20

Deductions from gross income:

Interest on funded debt.....	\$426,853.77
Other interest.....	50,474.61
Miscellaneous rents.....	6,343.16
	483,671.54
Balance transferred to credit of profit and loss account.....	\$172,240.66

Profit and Loss Account.Credits.

Balance representing operation of A. & B. R. R. Co., T. & N. E. R. R. Co. and T., T. & G. Ry. Co., for period July 1, 1903, to November 30, 1903.....	\$60,788.04
Balance transferred from income account.....	172,240.66
Total credits.....	\$233,028.70

Debits.

Loss on Waycross shops destroyed by fire.....	37,583.17
Balance transferred to balance-sheet statement	\$195,445.53

The opening entry crediting \$60,788.04 to this account cannot be explained because of the absence of records which might have shown how it had been accumulated.

INVESTMENT IN ROAD AND EQUIPMENT.

The accounts of the Atlantic company as of April 12, 1906, state its investment to have been \$11,492,520.70, composed of the following charges:

Securities issued by the Atlantic & Birmingham Railway Company to retire the securities of its constituents, and liabilities of constituents assumed:

Atlantic & Birmingham R. R. Co.:	
Common capital stock.....	\$2,100,000.00
Preferred capital stock.....	840,000.00
First mortgage bonds.....	1,400,000.00
Liabilities assumed (net).....	146,366.51
	\$4,486,366.51

Tifton, Thomasville & Gulf Ry. Co.:

Common capital stock.....	\$832,500.00
Preferred capital stock.....	333,000.00
First mortgage bonds.....	555,000.00
Liabilities assumed (net).....	51,097.62
	1,771,597.62

Tifton & Northeastern R. R. Co.:

Common capital stock.....	\$367,500.00
Preferred capital stock.....	147,000.00
First mortgage bonds.....	245,000.00
	\$759,500.00
Other assets acquired (net).....	4,400.65
	755,099.35
	\$7,013,063.48

Securities issued by the Atlantic & Birmingham Railway Company in purchase of the Brunswick & Birmingham Railroad:

Common capital stock.....	\$1,623,700.00
Preferred capital stock.....	649,500.00
First mortgage bonds.....	1,144,500.00
	3,417,700.00
Additions and betterments and other charges...	1,061,757.29
Total.....	\$11,492,520.77

The actual cost of constructing the property owned by the Atlantic & Birmingham Railway Company is not known. Under the terms of the agreement of consolidation the liabilities of the constituent companies were assumed in taking over the physical property and other assets, and the equipment notes assumed are embraced in the amounts representing net liabilities assumed. In the case of the Brunswick & Birmingham Railroad the physical property only was acquired following the foreclosure sale, and the equipment obligations of that company undertaken by the Atlantic company are included in the item shown for additions and betterments and other charges.

Between twenty-four and twenty-five miles of that portion of the road that had formerly belonged to the Brunswick & Birmingham Railroad Company was abandoned by the Atlantic company in November, 1905, but no amount representing the cost or an estimate of the cost of this abandoned property was written out of the property account.

GENERAL BALANCE SHEET OF ATLANTIC & BIRMINGHAM RAILWAY COMPANY AS OF APRIL 30, 1906.

Assets		Liabilities	
Account	Amount	Account	Amount
Investments		Stocks	
Investment in road and equipment	\$11,492,530.77	Common stock	\$6,893,700.00
Current Assets		Preferred stock	
Cash	\$106,245.06	Unmatured debt	
Accounts receivable	10,306.25	Funded debt (matured):	
Special deposits	44,102.21	Bonds	\$4,000,000.00
Notes receivable	44,102.21	Equipment notes	466,125.10
Net balance receivable from agents and conductors	20,991.56	Total long-term debt	\$4,466,125.10
Miscellaneous accounts receivable	20,991.56	Current Liabilities	
Material and supplies		Accounts payable and balances payable	\$34,410.54
Total current assets	\$231,122.58	Audited accounts and wages payable	103,827.15
Deferred Assets		Miscellaneous accounts payable	86,032.15
Unmatured debt	\$25.00	Unmatured interest accrued	2,025.28
Unadjusted debits		Total current liabilities	\$222,782.18
Other unadjusted debits	\$26,116.69	Deferred Liabilities	
Securities based or assumed—unpledged stocks	3,020.00	Operating reserves	\$3,680.77
Total unadjusted debits	\$29,736.69	Total deferred liabilities	\$3,680.77
		Unadjusted Credits	
		Tax liability	\$12,000.00
		Operating reserve	288.07
		Other unadjusted credits	10,877.88
		Total unadjusted credits	\$22,265.76
		Corporate Surplus	
		Profit and loss balance	\$105,445.33
Grand total assets	\$11,813,408.39	Grand total liabilities	\$11,813,408.39

EASTERN RAILWAY OF ALABAMA.

The above-named railway was incorporated in the State of Alabama May 1, 1901, for the purpose of building a railway from the mines of the Alabama Pyrites Company at Pyriton, Ala., to a connection with the Louisville & Nashville Railroad Company's line at Stockdale, Ala., a distance of 19.8 miles. The construction of this mileage was begun in March, 1902, and the road was opened for operation on September 8, 1903. Control of the property was obtained on November 10, 1905, by the Atlantic & Birmingham Construction Company, for the purpose of including the mileage in a line of railroad which the construction company was then building for the Atlanta, Birmingham & Atlantic Railroad Company. On July 3, 1906, the property and franchises of the Eastern Railway of Alabama were by deed conveyed to the Atlanta, Birmingham & Atlantic Railroad Company.

The foregoing constitutes all of the information available concerning the Eastern Railway of Alabama. No books or records of the company could be located.

ALABAMA NORTHERN RAILWAY COMPANY.

The above-named company was incorporated in the State of Alabama on February 12, 1904, for the purpose of constructing and operating a railroad between Pyriton and Ashland, in the State of Alabama, a distance of about seven miles. Control of the company was obtained in 1906 by the Atlantic & Birmingham Construction Company with a view to incorporating the mileage in a line of road which the construction company was then building for the Atlanta, Birmingham & Atlantic Railroad Company. No conveyance, however, was made of the property or franchises to the Atlanta, Birmingham & Atlantic Railroad Company, or any other grantee, although the Atlanta, Birmingham & Atlantic Railroad Company did take possession of the property about July 1, 1907, and operated it as if it were actually a part of the property of that road. It was included among that company's assets, turned over to the receivers on January 1, 1909, and has continued under their control until the date of this investigation.

The line was opened for operation about May, 1905, and was operated by the Louisville & Nashville Railroad Company until about April, 1906, when the construction company obtained control of the property. No books or records of the Alabama Northern Railway Company were available, and the foregoing constitutes all that is known concerning it. It is understood that since the close of this investigation the property of the Alabama Northern Railway Company has been restored to its owners for operation.

GEORGIA TERMINAL COMPANY.

Formerly Gate City Terminal Company.

INTRODUCTORY.

The above-named company, hereinafter styled the Georgia company, was a Georgia corporation which owned certain terminal facilities, yards, and tracks in the city of Atlanta, Ga. Its principal office was in that city. Its property was leased for operation to the Atlanta, Birmingham & Atlantic Railroad Company, hereinafter styled the railroad company. On the date of valuation, June 30, 1914, that property consisted of about 2.40 miles of main track, 11.26 miles of side tracks, together with freight houses, water stations, etc., all located in the city of Atlanta, Ga. On February 15, 1909, the affairs of the Georgia company were placed in the hands of the same receivers who were administering the affairs of the railroad company, and have so continued to the date of this investigation, June 30, 1914.

The entire outstanding stock of the Georgia company is owned by the railroad company.

CORPORATE HISTORY.

The Georgia Terminal Company was the successor, by change of name, to the Gate City Terminal Company. This latter company was incorporated under the general laws of the State of Georgia on May 24, 1906, for the purpose of constructing and operating a railroad from Howells Station in Fulton County, to a point in or near the city of Atlanta, a distance of about three miles. By appropriate amendment to the charter, the name of the company was changed on March 30, 1907, to the Georgia Terminal Company. On February 15, 1909, its affairs were placed in the hands of receivers and the property was sold on June 5, 1914, but that sale was not consummated and the receivership was continued.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY.

In April, 1905, the Atlantic & Birmingham Construction Company, hereinafter styled the construction company, acquired the capital stock and lands of the Fulton Realty and

Improvement Company, and on March 1, 1907, transferred that stock and lands, together with additional lands subsequently acquired, to the Gate City Terminal Company in exchange for the latter's securities. The organizers of the Fulton Realty and Improvement Company were closely identified with the construction company interests. In the meantime, the Gate City company had contracted for grading, masonry and other work in connection with the construction of terminals, yards, tracks and other facilities, and later additional contracts were let for the furnishing and erection of bridges and such other construction work as was necessary. The construction company and the railroad company did some of this work, and furnished some of the material used. All of the construction work was done under the supervision of the Georgia company's chief engineer. The property was opened for operation on July 1, 1908. Certain additions and betterments were made to the property by the receivers after they took possession of it.

HISTORY OF CAPITAL FINANCING.

Syndicating, Banking and Other Financial Arrangements.

The securities of the Georgia company were disposed of through the construction company, which gave property and cash for the same, and any profits realized by the construction company through that arrangement are not set forth in the records of the Georgia company.

Capital Stock.

The total capital stock of the Georgia company authorized and outstanding on June 30, 1914, was \$1,500,000, all of which was owned by the railroad company, which had acquired it in a settlement with the construction company under date of June 30, 1908. Five hundred thousand dollars of this stock had been issued by the Gate City Terminal Company in June, 1906, to the construction company for cash, at par. The remaining \$1,000,000 had been issued to the construction company along with certain bonds, hereinafter mentioned, in

exchange for property. Under the terms of the lease by which the railroad company uses the property of the Georgia company, the former agrees to pay an amount equal to five per cent. dividend on the capital stock of the latter company, in addition to paying the expenses of maintenance, taxes, etc. The payment of the equivalent of the dividend has never been made.

Funded Debt.

The Georgia company was authorized to issue \$4,000,000 of first mortgage five per cent. bonds and did issue \$3,581,000 of such bonds, dated January 1, 1907, to mature January 1, 1927; \$581,000 of these bonds were subsequently returned to the issuing company, because certain construction work originally planned had been suspended. The remaining \$3,000,000 were outstanding on June 30, 1914. Of the total amount originally issued, \$2,089,000 were delivered to the construction company, along with the stock mentioned heretofore, in payment for property acquired by the Georgia company. An amount of \$1,492,000 par value was sold to the construction company at eighty-five, but as \$581,000 of these bonds were recalled, the net result was that \$911,000 par value were sold at eighty-five, realizing \$774,350 in cash, which was used in completing construction. Under the terms of the lease whereby the railroad company uses the property of the Georgia company, the former agrees to pay as rent interest on the five per cent. bonds outstanding in the name of the Georgia company. No such payment has as yet been made.

Interest on the funded debt of the Georgia company from the date of the original issue to June 30, 1914, has amounted to \$1,080,135.11. Of this amount but \$34,816.66 has been paid, leaving \$1,045,318.45 unpaid as of June 30, 1914. Interest to the amount of \$900,000 is due as rental for the use of the property, the remainder, \$180,135.11, having accrued during the construction period, became a charge against the property account.

Receivers' Certificates and Notes.

Certain certificates and notes issued by the receivers were a joint liability of the Georgia company, the railroad company and the Alabama Terminal Company. Owing to the manner of issuance, it is not possible to determine the individual liability of any of these companies for these certificates and notes. On June 30, 1914, \$4,994,000 of the certificates and a note for \$110,000 were outstanding. The details of these issuances are discussed in more detail in the report on the railroad company.

AIDS, GIFTS, GRANTS AND DONATIONS.

The records of the Georgia company disclose nothing on these subjects.

RESULTS OF CORPORATE OPERATIONS.

The Georgia company has never operated its own property. Its only income would be from the lease of its property. However, the lessee owns all of the outstanding stock of the Georgia company, and has made none of the payments of bond interest or stock dividends provided for in the lease, in consequence of which the Georgia company has had no earnings to report.

INVESTMENT IN ROAD AND EQUIPMENT.

The Georgia company's investment in property to June 30, 1914, as exhibited by its books, amounts to \$4,776,769.35. To that amount should be added \$1242 carried as current assets, but which were in reality property investment charges, and an amount of \$92,070.51, representing property expenditures made by the receivers and shown in their separate books. The aggregate of these amounts is \$4,870,081.86, which includes the equivalent of the par value of the securities issued for property, as well as the discount on those issued for cash. If these excesses over the apparent value of the consideration received be deducted, an idea is gained of the approximate expenditures for property, and the following statement exhibits that computation:

Par value of securities issued to the construction company to acquire stock and lands of Fulton Realty Company. (Stock \$1,000,000; bonds, \$2,089,000).....	\$3,089,000.00
Actual cost to the construction company of the original lands and stocks as shown by that company's records.....	1,198,033.90
Excess charge to property.....	\$1,890,966.10
Discount of 15 per cent. on \$1,492,000 par value of bonds sold at 85.....	\$223,800.00
Less discount of 15 per cent. on \$581,000 par value of bonds returned.....	87,150.00
	<u>136,650.00</u>
Total apparent excess charges to investment account.....	\$2,027,616.10
Total investment shown by the books of the Georgia company and its receivers as stated above.....	\$4,870,081.86
Deduct apparent excess charges stated above.....	2,027,616.10
Approximate expenditure for property.....	<u>\$2,842,465.76</u>

These expenditures can not be allocated by structures, particular units, or pieces of property, nor can they in entirety be distributed among the primary accounts of the road and equipment classification.

MISCELLANEOUS PHYSICAL PROPERTY.

The Georgia company's investment account covers several such items as stores, dwellings and lands acquired by it, but not used or necessary for the purposes of a common carrier. The cost of these properties could not be determined separately from the whole. The income to the lessee company from the rents of these properties amounted to \$23,966.63 during the fiscal year 1914.

GENERAL BALANCE SHEET OF THE GEORGIA TERMINAL COMPANY AND ITS RECEIVER AS OF JUNE 30, 1914

<u>ASSETS</u>	
Account	Amount
<u>Investments:</u>	
Investment in road and equipment.....	\$4,776,769.35
<u>Current Assets:</u>	
Cash.....	\$93.09
Miscellaneous accounts receivable.....	1,272.97
Total current assets.....	<u>\$1,366.06</u>
<u>Deferred Assets:</u>	
Interest on bonds due from Atlanta, Birmingham & Atlantic Railroad Company.....	\$900,000.00
Miscellaneous.....	150.00
Total deferred assets.....	<u>\$900,150.00</u>
Grand total assets.....	<u>\$5,678,285.41</u>
<u>LIABILITIES</u>	
Account	Amount
<u>Stock:</u>	
Capital stock.....	\$1,500,000.00
<u>Long-Term Debt:</u>	
Funded debt unmaturred.....	\$3,000,000.00
<u>Current Liabilities:</u>	
Interest matured, unpaid.....	\$1,045,318.45
<u>Deferred Liabilities:</u>	
Due to Atlantic & Birmingham Construction Company.....	\$69,660.53
Due to joint receiver.....	10,009.54
Due to Atlanta, Birmingham & Atlantic Railroad and its receiver.....	52,553.55
Total deferred liabilities.....	<u>\$132,223.62</u>
<u>Corporate Surplus:</u>	
Profit and loss balance.....	743.34
Grand total liabilities.....	<u>\$5,678,285.41</u>

NOTE.—This balance sheet does not include assets and liabilities in "Joint Receivers' Books."

ALABAMA TERMINAL RAILROAD COMPANY.

INTRODUCTORY.

The above-named company, hereinafter styled the terminal company was an Alabama corporation and owned certain terminal facilities consisting of about 26.81 miles of main track, 17.50 miles of side tracks, freight houses, water stations, telegraph and telephone lines located in and near the city of Birmingham, Ala. Its principal office was located at Atlanta, Ga. Its property was leased for operation to the Atlanta, Birmingham & Atlantic Railroad Company, hereinafter styled the railroad company, and that company subleased about 14.10 miles of main track and some 4.21 miles of side tracks to the Woodward Iron Company for operation.

The entire capital stock of the terminal company was owned by the railroad company. On February 15, 1909, the affairs of the terminal company were placed in the hands of the same receivers that were administering the affairs of the railroad company. On June 6, 1914, the property was sold at receiver's sale, but the purchasers were unable to consummate the purchase and the receivership was continued.

CORPORATE HISTORY.

The Alabama Terminal Railroad Company was incorporated on March 23, 1907, under the general laws of the State of Alabama. The organization had been brought about in the interest of the Atlantic & Birmingham Construction Company, hereinafter styled the construction company, which among other things had agreed to provide an entrance into Birmingham, Ala., for the railroad company.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY.

The construction company had secured certain franchises in the name of the terminal company, made preliminary surveys, acquired considerable land for right-of-way and station grounds, and had done some construction work, all prior to July 13, 1907.

On that date it entered into a contract with the terminal company whereby all property, agreements, privileges, franchises, etc., theretofore acquired, were transferred to the terminal company along with a certain sum of money. The work of construction was then continued apparently under the supervision of the construction company, although no formal contract with that company for this work could be found. Some of the work was done by the construction company itself, but the greater part of it was sublet to various contracting firms. The project had not been finished when the receivers were appointed, but they continued the work to completion and the property was turned over for operation on July 1, 1910.

HISTORY OF CAPITAL FINANCING.

Syndicating, Banking and Other Financial Arrangements.

The securities of the terminal company were issued to the construction company partly for property and partly for cash. For a time the Title Guarantee & Trust Company of Atlanta, Ga., acted as fiscal agent, making the disbursements for construction purposes but later the construction company took over that function. An amount of \$1173.70 was included in the property account of the terminal company under the head of general expenditures which represented the office expenses of the Title Guarantee & Trust Company and presumably is all that was paid to that company for its services.

Capital Stock.

The total capital stock authorized and issued amounted to \$3,000,000. Of this amount \$2,998,000, along with a certain amount of bonds mentioned hereafter, were issued to the Atlantic & Birmingham Construction Company in payment for property, lands, franchises, etc., and cash to the amount of \$350,000. The remaining \$2,000 had been issued for cash at par at the time of organization. The books of the construction company show that its expenditures for the property, land, franchises, etc., turned over to the terminal company amounted to \$545,847.78, which is exclusive of the \$350,000 of cash given the terminal company.

The entire \$3,000,000 of capital stock was transferred to the railroad company in the settlement made with the construction company under date of June 30, 1908, and was held by the railroad company at the date of this investigation.

The terms of the lease to the railroad company provided for the payment of five per cent. dividends on the stock of the terminal company as part of the rent. However, all of the stock having come into the possession of the railroad company, that part of the so-called rent was not accrued or paid, consequently there was no disbursement of dividends.

Funded Debt.

First mortgage five per cent. bonds, dated July 1, 1907, to mature on July 1, 1927, were authorized to the amount of \$4,000,000. Of the total amount authorized \$2,445,000 had been issued and were outstanding on June 30, 1914, and of this amount \$1,200,000 had been issued, in connection with the stock heretofore mentioned, to the construction company, in exchange for cash, property, land, franchises, etc. The remaining \$1,245,000 were subsequently sold to the construction company at eighty-five, realizing \$1,059,250 cash, and the proceeds were disbursed from time to time in payment for property acquired and construction work done.

Under the terms of the lease of the property of the terminal company to the railroad company, the latter agreed to guarantee the principal and pay the interest on the outstanding bonds of the terminal company. No such payments were made, however, and the railroad company owed on this account for the period from July 1, 1901, to June 30, 1914, an amount of \$489,000.

The total accrued interest on these bonds to June 30, 1914, amounted to \$824,789.54, of which \$91,289.54 had been paid and \$733,500 was unpaid.

Receivers' Certificates and Notes.

Certain certificates and notes issued by the receivers were joint liabilities of the terminal company, the railroad company and the Georgia Terminal Company, and due to the

manner of issuing these liabilities it was not possible to determine the individual liability of the several companies named. On June 30, 1914, the certificates outstanding amounted to \$4,994,000 and the notes to \$110,000. These liabilities are discussed in more complete detail in the report on the railroad company.

Increases and Decreases in Stocks, Bonds or Other Securities in any Reorganization.

There has been no reorganization of the terminal company with attendant changes in its security issues.

AIDS, GIFTS, GRANTS AND DONATIONS.

The records of the terminal company disclose nothing with respect to this topic.

RESULT OF CORPORATE OPERATIONS.

The terminal company has never operated its property and its only source of income would be from the lease of its property.

INVESTMENT IN ROAD AND EQUIPMENT.

The terminal company's investment in property to June 30, 1914, as exhibited by its books, amounts to \$5,788,709.79. To that amount should be added \$892,650.98 expended by the receivers for property and recorded in their separate books. The aggregate of these two amounts is \$6,681,360.77, but included in this amount is the equivalent of the par value of all securities issued to the construction company for property and other values and cash, as well as the discount on those sold to the construction company. If the entire excess of the securities issued over the consideration received therefor be eliminated

from the account an idea is gained of the approximate expenditure for property, and the following table represents that computation:

Par value of securities issued
to the construction company
for property and other values
and cash:

Stock.....	\$2,998,000.00	
Bonds.....	1,200,000.00	
		\$4,198,000.00

Cost shown by construction
company's books:

Property, franchises, ex- changed.....	\$545,847.78	
Cash.....	350,000.00	
		895,847.78

Apparent excess of securities issued over con-
sideration received..... \$3,302,152.22

Discount of fifteen per cent. on \$1,245,000
par value of bonds sold at eighty-five..... 186,750.00

Total..... \$3,488,902.22

Cost of property as exhibited in books..... \$6,681,360.77

Deduct apparent excess amount shown above.. 3,488,902.22

Approximate expenditure for property..... \$3,192,458.55

There was sufficient detail in the books of the terminal company, the construction company and the joint receivers to permit a distribution of this total among the primary accounts of the road and equipment classification, and that distribution is shown separately in this report. However, no allocation of these costs could be made by structures of other particular units or pieces of property.

ALABAMA TERMINAL RAILROAD COMPANY.

Classification of Expenditures to June 30, 1914.

Account	Expended by		Total
	Terminal Company	Joint Receivers	
Road:			
Engineering.....	\$36,391.33	\$13,776.50	\$40,167.83
Land for transportation purposes.....	996,272.01	336,271.08	1,332,543.09
Grading.....	579,209.55	107,479.78	686,689.33
Bridges, trestles and culverts.....	187,072.02	105,399.97	292,471.99
Ties.....	37,725.94	33,113.19	70,839.13
Rails.....	71,201.30	102,703.88	173,905.18
Other track material.....	26,151.28	30,889.04	56,542.32
Ballast.....	4,450.94	18,657.16	23,108.10
Track-laying and surfacing.....	15,813.93	25,506.58	41,320.51
Right-of-way fences.....	266.09	3,597.62	3,863.71
Crossings and signs.....	2,187.82	4,514.31	6,702.13
Station and office buildings.....	387.60	34,334.68	34,922.27
Roadway buildings.....		2,381.15	2,381.15
Water stations.....	1,989.73	2,618.30	4,608.03
Shops and enginehouses.....	139.81	117.31	257.12
Storage warehouses.....	940.20	3,813.15	4,753.35
Telegraph and telephone lines.....		1.67	1.60
Miscellaneous structures.....	1,315.91		1,315.91
Roadway machines.....		216.00	216.00
Assessments for public improvements.....		807.36	807.36
Revenues and expenses during construction.....	\$8,116.29		\$8,116.29
Other expenditures—road.....		5,183.65	5,183.65
Unassignable.....		57,199.72	57,199.72
Total road.....	\$1,943,404.26	\$888,282.03	\$2,831,686.29
Equipment: None.			
General Expenditures:			
General officers and clerks.....		\$63.25	\$63.25
Law.....	\$5,455.15	9,297.25	14,752.40
Stationery and printing.....	34.00	38.45	72.45
Interest during construction.....	335,789.54		335,789.54
Other expenditures—general.....	15,124.62		15,124.62
Total general.....	\$356,403.31	\$1,368.95	\$360,772.26
Grand total.....	\$2,299,807.57	\$892,650.98	\$3,192,458.55

* Credit.

GENERAL BALANCE SHEET
OF THE
ALABAMA TERMINAL RAILROAD COMPANY AND ITS
RECEIVER AS OF JUNE 30, 1914.

ASSETS	
Account	Amount
<u>Investments:</u>	
Investment in road and equipment.....	\$5,788,709.79
<u>Current Assets:</u>	
Cash.....	\$1,975.11
<u>Deferred Assets:</u>	
Interest on bonds due from A., B. & A. R. R. Co.....	\$489,000.00
Open account with Atlantic & Birmingham Construction Company.....	151,969.73
Total deferred assets.....	\$640,969.73
Grand total assets.....	\$6,431,654.63
LIABILITIES	
Account	Amount
<u>Stock:</u>	
Capital stock.....	\$3,000,000.00
<u>Long-Term Debt:</u>	
Funded debt unmatured.....	\$2,445,000.00
<u>Current Liabilities:</u>	
Audited accounts and wages payable.....	\$47.50
Interest matured unpaid.....	733,500.00
Total current liabilities.....	\$733,547.50
<u>Deferred Liabilities:</u>	
Due to joint receiver.....	\$118,487.45
Due to receiver of A., B. & A. R. R. Co.....	134,606.63
Miscellaneous.....	13.05
Total deferred liabilities.....	\$253,107.13
Grand total liabilities.....	\$6,431,654.63

NOTE.—This balance sheet does not include assets and liabilities in "Joint Receivers' Books."

MSH 21299

**END OF
TITLE**